FINANCIAL TIMES

Saturday December 7 1985

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Canada C$1.00 Bermuda $1.50

WORLD NEWS

Order bill gives police wide powers

Police will be given sweeping powers to control demonstrations, marches and open-air assemblies, from mass pickets to football crowds under the Public Order Bill published yesterday.

The Bill should reach the statute books before the next football season.

It incorporates most of the proposals from a White Paper, but plans to allow the police to ask for bans on individual marches have been dropped. Police feared this would have left them open to charges of political bias. Back Page; Details, Page 4.

Fabius 'tried to quit'

French President Mitterrand rejected an offer by Premier Laurent Fabius to resign over the Paris visit by Polish leader Gen Wojciech Jaruzelski, Le Monde reported.

Nicaragua warning

The US might take more steps to support Contra rebels in Nicaragua as public opinion hardened against the Sandinista regime, State Secretary George Shultz said. Page 2

Gibraltar talks to go on

Britain implicitly rejected Spanish proposals for an eventual political settlement over Gibraltar but agreed sovereignty talks should continue. Page 2

Belgian bomb kills man

A man died and several were hurt when a bomb, apparently meant to kill Belgian Justice Minister Jean Gol, went off in a crowded Liege courthouse. Page 2

Boy's body found

The body of a murdered boy aged between 7 and 9 was found in woodlands near Waltham Abbey, Essex. Police said there was no evidence linking the death to the killing of Jason Swift, 14, found dead this week.

Wanted men flee Spain

Two men wanted for questioning about the 1983 £7m Security Express robbery were among 100 British fugitives who left Spain after Madrid passed a law to expel undesirable foreigners, police said.

£200,000 for ENO

The Government is giving the English National Opera £200,000 to help meet losses on its "artistically successful" US tour, Arts Minister Richard Luce said.

Auction going ahead

Sotheby's rejected a request by Italy to halt a London sale of Roman antiquities which the Italians thought might have been looted.

Public hanging stayed

India's Supreme Court stayed a regional court order that two people be executed in Jaipur in the first public hangings since 1947.

Switzerland apologises

Switzerland apologised to neighbouring Liechtenstein after a Swiss army exercise started a fire which destroyed 500 acres of forest across the border.

Taiwanese jailed

A military court jailed four Taiwanese civilians for up to 2½ years for doing business with China. Page 2

Chess rematch set

World chess champion Garry Kasparov will play a rematch in February against Anatoly Karpov, from whom he won the title last month.

Cold season

The number of people with colds and influenza is at the highest pre-Christmas level for five years, a survey of GPs by Beecham drug company shows.

BUSINESS SUMMARY

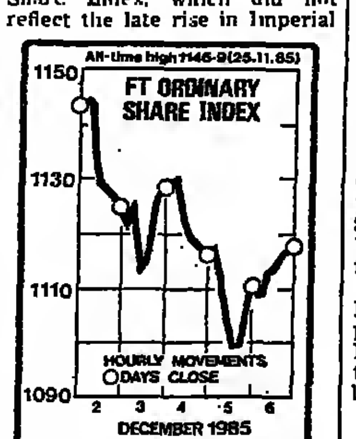
Telegraph shake-up expected

THE Daily Telegraph is expected to announce far-reaching financial and management changes next week.

Conrad Black, the Canadian businessman who holds a 14 per cent stake in the hard-pressed company, is front-runner to take a controlling interest as part of a restructuring.

After a Daily Telegraph board meeting, it was stressed that the share structure had not changed and that Mr Black did not hold control. Back Page

London equity leaders edged upwards. The FT Ordinary Share Index, which did not reflect the late rise in Imperial



Group shares following the bid from Hanson Trust, closed 7.2 up at the day's peak of 1,117.6. On the week the index showed a fall of 25.3. Page 14

SINGAPORE and Kuala Lumpur stock exchange shares regained a quarter of Thursday's record losses. Page 11

THREE London Metal Exchange brokers have started formal arbitration proceedings against the International Tin Council, claiming millions of pounds on unpaid tin contracts. Back Page

SOUTH AFRICA announced further exchange control curbs. They are aimed at supporting the rand by speeding repatriation of hard currency earnings by exporters. Back Page

OPEC: Most members, at a meeting in Geneva, starting today, are expected to favour regaining a larger share of the oil market instead of a continued attempt to hold current prices Back Page

BUILDING SOCIETIES Bill, which is intended to increase the societies' services from January 1987, has proved more restrictive than expected. Back Page

AUSTIN ROVER, BL subsidiary, confirmed that it is to shut toolrooms at three plants and cut 750 jobs. Page 3

NCB has written to all three mining unions, including the Union of Democratic Mineworkers which was registered yesterday, to propose talks on new consultation procedures. Page 6; Pit reprieved, Page 4

FRANCE set a restrictive growth target of 3 per cent to 5 per cent in money supply M3 next year to contain inflation. Page 3

HONG KONG'S Financial Secretary Sir John Bremridge, will retire in mid-1986. Piers Jacobs, Secretary for Economic Services will succeed him. Page 2

SOVIET UNION has dismissed Talgat Khuramshin, who was in charge of oil distribution, for corruption. Page 2

DEUTSCHE BANK confirmed that it is to acquire the West German Flick group for DM5bn (£1.3bn). The bank will float the business next spring.

MORGAN CRUCIBLE, artificial limb and defence electronics manufacturer, made a hostile bid worth about £37m for First Castle Electronics. Page 10

JOHN WADDINGTON, printing and packaging group, is paying a total of £7.4m for Label Converters and Comet Products, a US maker of plastic containers. Page 10

Hanson Trust makes £1.9bn takeover bid for Imperial Group

BY CHARLES BATCHELOR

HANSON TRUST, the fast-growing industrial holding company headed by Lord Hanson, last night launched a £1.9bn takeover bid for Imperial Group, the brewing, tobacco and food concern.

The move, Britain's biggest takeover attempt, came four days after Imperial announced an agreed £1.22bn bid for United Biscuits.

Imperial immediately rejected the Hanson approach and turned down a request for a meeting between Lord Hanson and Mr Geoffrey Kent, Imperial chairman.

Hanson's surprise intervention in the Imperial/United Biscuits merger comes as it is engaged in a protracted legal wrangle in the US over its $930m (£630m) bid for SCM, a New York-based chemicals to typewriters company.

The Hanson approach to Imperial is the fourth billion-pound-plus takeover bid in London this week and brings the total value of this week's big bids to £6.14bn.

Imperial's agreed £1.22bn bid for United Biscuits coincided on Monday with a hostile £1.86bn bid from Argyll Group for Distillers. GEC, the electrical group, made a tentative bid approach worth £1.16bn for Plessey on Tuesday.

Hanson, which has built itself up through an aggressive takeover strategy, said it intended to go ahead with its bid for SCM provided the US Appeals Court gives it the go-ahead at a hearing due on December 18.

Its bid for Imperial depends on the United Biscuits merger being called off. Hanson said last night it had made several attempts over the last two years to interest the Imperial board in a merger with Hanson but was informed that they preferred to go it alone.

Mr Martin Taylor, a Hanson director, said: "The Imperial and SCM bids can go ahead at the same time, both in management and financial terms.

"We see the Imperial/United Biscuits merger as being a good deal for United. We don't perceive it as being as good a deal for Imperial's shareholders. Hanson and Imperial, on the other hand, would make a good fit."

Mr Kent responded: "There is no fit between us and Hanson. If you exclude Howard Johnson (the US hotels group sold by Imperial last month for $314m) our operating profits have risen by 30 per cent a year in the four years since I became chairman.

"That is a very good performance and I don't see where Hanson would achieve any added value by taking us over."

Mr Kent denied that the Hanson approaches over the past two years had been to talk about a merger. They had simply involved suggested co-operation in certain fields. "We felt we could not see any opportunities for them to be of use to us," he said.

Imperial informed United

Continued on Back Page

UK and French electronic groups discuss alliance

BY GUY DE JONQUIERES IN LONDON AND PAUL BETTS IN PARIS

BRITAIN's General Electric Company (GEC) and France's state-owned Compagnie Generale d'Electricite (CGE) are discussing proposals for an alliance in telecommunications manufacturing which could involve financial cross-shareholdings. The two are among Europe's largest electrical and electronics producers.

It is unclear how the talks fit in with CGE's recent efforts to forge an alliance with American Telephone and Telegraph, which have been blocked by the French Government.

Mr Georges Pebereau, CGE's chairman, is flying to the US this weekend to try to negotiate a revised agreement with AT&T which would be acceptable to President Francois Mitterrand's administration.

If the plan proceeds it may lead to a link with Italtel and Telettra, Italian telecommunications manufacturers. A merger of these two companies was agreed recently by their owners—Stet, the Italian state holding group, and Fiat motor group.

Talks between GEC, CGE and Stet started before GEC's £1.16bn bid approach this week for Plessey, which shares in production of Britain's System X digital telephone exchange. Lord Weinstock, GEC's managing director, is taking an active role in the talks.

CGE was nationalised in 1981. It seems likely that the financial link under discussion with GEC would involve Cit Alcatel, CGE's telecommunications equipment subsidiary, shares of which are quoted on the Paris stock exchange.

GEC's turnover in the year ended March 31 was almost £6bn, of which about £760m was in telecommunications and office systems.

Last year CGE had total sales of FFr 74.1bn (£6.5bn). Cit Alcatel's sales were FFr 14.5bn. Thomson Telecommunications, of which Cit Alcatel took effective management control in 1983, had sales of FFr 7.2bn.

The proposed cross-shareholding is said to entail more than token amounts of equity. GEC and CGE are also considering plans for collaboration in public exchange technology and for expanding sales in each others' national markets.

Senior GEC executives are understood to differ on whether the plan could proceed if the company failed in its attempt to gain control of Plessey, which is resisting the proposed merger. In the past Plessey held separate talks on collaboration with CGE but failed to reach agreement.

GEC and CGE are understood to have discussed the possibility of reaching an agreement before the French parliamentary elections in March. However, the confused political situation in France and divisions in its Government make the timetable uncertain.

Mr Jacques Dondoux, head of the Direction Generale des Telecommunications (DGT), which operates the French telephone network, supports the plan for a link between CGE and GEC. He has said that if the link went ahead he would be prepared to buy System X exchanges.

Mr Dondoux believes the plan could create an all-European grouping which would provide a counterweight to both AT & T and Siemens, the large West German telecommunications manufacturer, which has not been invited to join the discussions.

British Telecom has been kept informed of the talks. Sir George Jefferson, its chairman, met Mr Dondoux in London this week. However, BT has not been asked to take a formal position and it remains noncommital.

Last year BT caused acute resentment in Paris by excluding Cit Alcatel from the short list of bidders to supply a second exchange in competition with System X. BT later chose the AXE exchange developed by Sweden's L. M. Ericsson.

Cit Alcatel's E-10 exchange claims a world lead in digital exchange sales, with about 20m lines ordered by 30 countries. However, orders in France, its biggest market, have tailed off and the E-10 technology is widely considered to be dated.

The outlook for the talks between GEC and CGE is complicated further by the efforts of CGT, the French state-owned telecommunications manufacturer which formerly belonged to ITT of the US, to win government backing for a solution involving L. M. Ericsson.

CGCT, which has 15 per cent of the French public exchange market, has agreed in principle to collaborate with Ericsson. CGCT wants to involve other French electronics groups, including Bull, Matra and Jeumont — Schneider.

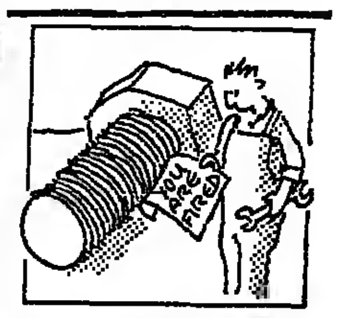
In Italy, Stet and Fiat have decided to seek an international partner to collaborate with the merged Italtel-Telettra group and have set up a committee to review prospective candidates next year.

Senior Stet officials have talked with GEC and CGE. However, L. M. Ericsson and AT & T are among the front-runners.

WEEKEND FT

PROPERTY

Is the small estate agent and his second-hand Porsche an endangered species? John Brennan looks at upheavals in the property jungle. Page I



FINANCE

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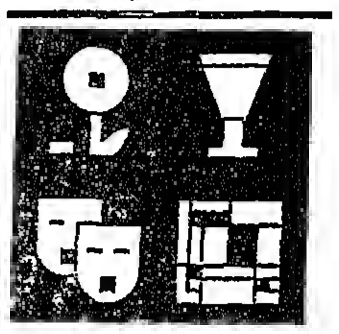
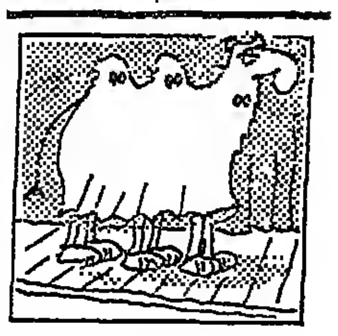


DIVERSIONS

Subscribe to these ideas for a gift that lasts all year—or even a lifetime. Page XI



ARTS

The London Palladium presents its first pantomime in five years. Michael Coveney previews the family shows this Christmas. Page XV

Elders move on Allied goes to monopoly body

BY MARTIN DICKSON

THE GOVERNMENT intervened yesterday in the takeover battle for Allied-Lyons, the food and drinks conglomerate, and referred the £1.8bn bid from Elders IXL, the Australian brewing and agriculture group, to the Monopolies and Mergers Commission.

The decision by Mr Leon Brittan, Trade and Industry Secretary, means Elders' bid is blocked for six months — the time the commission has been given to report.

The Trade Department said Mr Brittain considered that the financing of the bid raised issues which deserved investigation by the commission.

Mr John Elliott, Elders' chairman, said: "This has come as a surprise and a disappointment to us. We see no reason why our bid should have been referred. We are reassessing our position." Elders has a 6 per cent shareholding in Allied.

The financing of the bid has been attacked by Allied-Lyons and has aroused controversy in Parliament and the City. Elders is only a quarter the size of Allied and most of the money for its offer is being provided by loans from a consortium of eight international banks, led by Citibank of the US.

Highly leveraged deals like this are common in the US and Australia but this is the first substantial example in Britain. The Office of Fair Trading is understood to have recommended that the Government refer the bid in view of the novelty of the financing package and the potential risks which could be attached.

The investigation will therefore be seen as something of a test case for highly leveraged deals in Britain, even though the Monopolies Commission examines each referral on its merits.

The OFT is understood to have advised that the bid does not raise competition problems. It also regarded as irrelevant the facts that the predator company was Australian and that it would be all but impossible for a British company to launch a similar bid there.

Equally it was unmoved by complaints by Allied-Lyons that Elders intends to dismember the group with its plans to sell off Allied's food division.

It is open to the Monopolies Commission to look at these issues if it wishes.

The reference is the first by the Government on grounds other than competition since a speech in July last year by Mr Norman Tebbit, the then Trade Secretary, who said his policy would be to make references primarily on competition grounds.

However, the Trade Department said the Elders reference was entirely consistent with existing government policy, which clearly embraced aspects of public interest other than competition.

Sir Derrick Holden-Brown, chairman of Allied, welcomed the reference. He said: "We have said consistently that we are confident we can fight off this bid on our own merits, on our own performance. But we felt there were wider issues raised which ought to be examined."

Allied shares closed last night at 270p, down 7p on the day. That compares with Elders' offer of 255p a share, in loan notes or cash. The Elders bid formally lapsed yesterday, as automatically happens when a bid is referred.

RECENT MONOPOLIES COMMISSION REFERRALS

Bidder	Target	Date referred	Outcome
Dee Corp.	Booker McConnell	June 84	free to bid
BET	Initial	July 84	free to bid
Scottish & Newcastle	Matthew Brown	April 85	free to bid
United Newspapers*	Fleet Holdings	April 85	free to bid
British Telecom	Mitel	June 85	pending
McCorquodale	Richard Clay	Aug 85	McCorquodale bid abandoned

*Newspaper takeovers are covered by separate referral rules; this is only the largest of several commission inquiries in this field.

Britain signs Star Wars pact

BY PETER MARSH

BRITAIN'S General Electric first of the US allies to agree to take part in President Reagan's Strategic Defence Initiative (Star Wars). A document setting out the terms of the collaboration was signed in London by Mr Michael Heseltine and Mr Caspar Weinberger, the two countries' defence secretaries.

The way is now clear for British defence companies and research institutes to complete Star Wars contracts either with the Pentagon or with US corporations already working on the $26bn (£17.6bn) research programme.

The formal signing had been delayed because of fears that UK organisations might lose ownership of patents and that Star Wars work would divert British scientists and engineers from projects of immediate commercial benefit. Mr Heseltine and Mr Weinberger reached an outline understanding on Star Wars at a meeting in Brussels six weeks ago.

According to Mr Heseltine, yesterday's agreement meets British worries and is fair to both sides.

As a result of the signing of the memorandum of understanding, Britain became the first country to respond positively to the US invitation, made in March, to collaborate in Star Wars. France and Canada have rejected the offer.

Mr Weinberger said yesterday that UK concerns would gain "very substantial" amounts of work under the programme, which is designed to devise by the 1990s a system based on devices such as lasers and "smart" guided weapons to destroy Soviet missiles before they can reach the West.

The US Defence Secretary said the contracts would have to be awarded on a competitive basis. Britain had significant skills in many of the technologies to be studied under the programme, specifically in directed-energy beams, lasers, X-ray devices and computers.

Mr Heseltine said the project would involve studies in technologies "at the frontier of human capabilities" that would bring to British companies significant employment opportunities and the possibilities of commercial spin-offs.

Mr Heseltine was not disappointed that the memorandum failed to mention the $1.5bn the Government had asked for in the summer. He was satisfied, in spite of this, that the aspirations of the UK defence industry had been met.

The set figure had been proposed to illustrate the scale of the participation that Britain had in mind. "We did not want to come in on a penny packet basis but did not expect a series of dollar blank cheques," he said.

The most immediate result of the agreement will be to provide what Mr Heseltine called an "orderly framework" for UK companies wishing to sign deals with US concerns. Normally, these agreements will be channelled through an SDI office which the Defence Ministry is setting up, to mirror a similar division in the Pentagon.

The signing of the memoran-

Continued on Back Page

MARKETS

DOLLAR

New York lunchtime:
DM 2.5225
FFr 7.7025
SFr 2.10075
Y203.25

London:
DM 2.5235 (2.519)
FFr 7.715 (7.685)
SFr 2.1065 (2.0955)
Y203.25 (203.0)
Dollar index 127.3 (127.1)
Tokyo close 202.97

US LUNCHTIME RATES

Fed Funds 8%
3-month Treasury Bills: yield 7.47%
Long Bond: 100⅜ yield: 9.86%

GOLD

New York: Comex Feb latest $326.3
London: $322.75 (same)

STERLING

New York lunch.
London: $1.4775
DM 3.73 (3.7275)
FFr 11.4 (11.375)
SFr 3.1125 (3.1025)
Y300.25 (300.5)
Sterling index 81.1 (81.0)

LONDON MONEY

3-month interbank: closing rate 11⅝% (same)
3-month eligible bills: buying rate 11¼% (same)

STOCK INDICES

FT Ord 1,117.6 (+7.2)
FT-A All Share 679.09 (+0.4%)
FT-SE 100 1,401.9 (+6.6)
FT-A long gilt yield index: High coupon 10.37 (10.35)
New York lunchtime: DJ Ind Av 1,477.75 (−5.16)
Tokyo: Nikkei 12,793.53 (−70.58)

Chief price changes yesterday, Back Page

CONTINENTAL SELLING PRICES: Austria Sch 18; Belgium Fr 42; Denmark Kr 7.25; France Fr 8.00; W. Germany DM 2.20; Italy L1,300; Netherlands Fl 2.50; Norway Kr 8.00; Portugal Esc 80; Spain Pta 110; Sweden Kr 5.50; Switzerland Fr 2.20; Ireland 60p; Malta 30c.

CONTENTS

S. African churches side-step ANC ban

BY ANTHONY ROBINSON IN JOHANNESBURG

A GROUP of South African church leaders has circumvented the Government's attempt to stop formal or informal contacts between South Africans and the banned African National Congress (ANC) and Pan African Congress (PAC) by meeting with representatives of both bodies during a religious conference in the Zimbabwean capital Harare.

Last month the Government banned a proposed visit to Lusaka to meet ANC leaders by a group of Dutch Reformed Church leaders and a separate visit organised by students of Stellenbosch University.

Earlier this week however, the Primate of the Anglican Church, Archbishop Philip Russel, Catholic Archbishop George Daniel, leaders of the Methodist and Presbyterian churches and Bishop Manas Buthelezi of the Lutheran Church met with an ANC delegation led by Mr Alfred Nzo, the secretary general and a PAC delegation headed by Mr Ngila Muendane, the PAC labour secretary. The meetings were described by church sources as "a useful exchange of views on how to overcome apartheid."

Separate meetings were also held between ANC and PAC leaders and a group of students from Stellenbosch and Cape Town universities who were on an ecumenical tour of Zimbabwe. They were approached by the two organisations as they were attending the World Council of Churches conference on South Africa as observers.

The Government ban on meetings with the two organisations follows earlier meetings between the ANC and a group of South African businessmen led by Mr Gavin Relly, Anglo American Corporation chairman, and another led by Dr Frederick Van Zyl Slabbert, leader of the white opposition Federal Progressive Party (PFP).

The ban was imposed because of government fears that the desire of leading South Africans to meet with two banned organisations gave both domestic and international credibility to what government propaganda consistently portrays as terrorist organisations devoted to the armed overthrow of the South African state.

Meanwhile, the police have come again under heavy criticism for violently dispersing a peaceful candlelight vigil in support of those detained under the security laws and the state of emergency in Cape Town on Thursday night.

Police fired teargas and assaulted demonstrators carrying candles with sjamboks for the second night running in Coloured townships where anti-police feeling has been running high for months. Mr Jan Van Eck, a local PFP councillor and member of the party's unrest monitoring committee yesterday accused the police of having "declared war on the Cape's Coloured and black communities."

Mr Van Eck said this was the only possible conclusion after looking at numerous allegations of "widespread and indiscriminate beatings, whippings and teargassing and the use of force against people protesting non-violently." He added that the security police showed "a total lack of respect" for community leaders and had made no attempt to negotiate with local leaders.

Dr Chester Crocker, the US assistant secretary of state for African affairs, is expected to hold talks in Luanda later this month with Angolan officials as part of a renewed attempt to bring about the independence of Namibia (South West Africa).

The talks follow an earlier round of negotiations with senior Angolan officials in Lusaka last month. The main issue holding up implementation of a UN settlement plan for Namibia is the insistence of the US and South Africa that any withdrawal of South African troops from Namibia be matched by the pull out of 25,000 Cuban troops in Angola.

Although there have been a succession of mediation efforts over the past several years, a sense of urgency has been brought to the latest round of talks by moves in Washington towards material support for Unita, the guerrilla organisation seeking the overthrow of the Luanda Government.

Bills before the US Congress advocate either humanitarian or military assistance to the rebels, while President Reagan has indicated that he would prefer covert support to Unita. It has led to speculation that Dr Crocker, the architect of the policy, would resign in the event of this happening.

US may step up help for Contras

By Reginald Dale, US Editor, in Washington

MR GEORGE SHULTZ, the US State Secretary, yesterday said the US might take further steps against Nicaragua, and in support of the anti-government "Contra" rebels, as public opinion coalesced against the Sandinista regime in Managua.

Mr Shultz and other Administration officials were making the most of a rebel success in shooting down a Soviet-built *MI-8* helicopter, killing all 14 abroad, with a surface to air missile on Monday. Mr Shultz said both the pilot and the co-pilot were Cuban, "incontrovertible evidence" of the growing Cuban military presence in the country.

As Managua recalled its Ambassador from Washington for consultations on the incident, Mr Shultz denied Nicaraguan charges that the US had supplied the rebels with the surface to air missile. US officials said it was a Soviet-made Sam-7, which the rebels could easily have acquired on the world market.

Mr Elliott Abrams, Assistant Secretary of State for Latin American Affairs, told Congress that Cuban military advisers had become increasingly involved in combat operations against the rebels. He made it clear he hoped that the development would lead to greater US support for the Contras' military needs.

Mr Shultz gloated openly over the rebels' acquisition and use of the surface to air missile, saying he hoped they had more of them. "Thank goodness they did get hold of some weapons which can knock those choppers down," he told a *Press* conference.

Mr Shultz would not reveal what further steps the US might take to support the Contras. He pointed out, however, that current legislation provides for a rapid vote in Congress if the Administration makes additional requests beyond the $27m in humanitarian aid the rebels are now receiving.

He brushed aside suggestions that the rebels' use of their new missiles would escalate the level of the conflict, claiming that the Soviet Union was already pouring weapons and equipment into Nicaragua as fast as it could. The extent of the Soviet presence in the country effectively amounted to the establishment of a Soviet base in Central America, he said.

Mr Shultz is to leave on Monday for a trip to Europe in which he is to attend the annual Nato ministerial council in Brussels

White House likely to propose reform of anti-trust laws

BY STEWART FLEMING IN WASHINGTON

The Reagan Administration is expected to propose major reforms in US anti-trust laws designed in part to make it easier for companies to merge in industries hit by foreign imports.

This has been confirmed by Mr Malcolm Baldrige, the Commerce Department secretary, who has been pushing for such reforms and says President Ronald Reagan is likely to decide on whether to approve the package within the next 10 days.

The White House initiative follows unanimous recommendations from both the domestic planning and the economic planning councils chaired by Attorney General Edwin Meese and treasury secretary James Baker.

Ironically the Administration moves come at a time when the Federal Reserve Board is actively considering revising its regulation to make certain kinds of takeovers more difficult.

The Fed Board met last week in closed session to discuss whether to revise its regulation rules on margin requirements in a way which would make it more difficult for takeover raiders to issue low quality so called "junk" bonds secured on the assets of the takeover target, to finance the bid.

Margin requirements are restrictions on the amount of borrowings used for purchases of shares which are themselves posted as security against further borrowings. Current margin requirements are in the region of 50 per cent.

The White House and Fed debates over takeover activity reflect responses to differing pressures and imbalances building up in the economy. Mr Paul Volcker, the Fed chairman, is one of several Fed officials known to be increasingly concerned about the rapid build up of debt in the US economy particularly when the collateral securing the debt may be vulnerable to adverse swings in economic conditions.

The Fed board is known to be divided on the issue of what to do about junk bond-financed takeovers. Some officials, including Mr Preston Martin, the Fed vice-chairman, question whether margin regulations should be changed in a way designed to curb takeover activity.

The Administration initiative on takeovers is in part a response to another economic imbalance, the surge in imports particularly of products such as steel, shoes or textiles, for example, and the pressure this is creating for companies in hard-hit sectors to merge in order to try and improve their competitive and financial position.

One killed in Belgian court blast

ONE PERSON died and several were injured when a bomb apparently meant to kill Mr Jean Gol, the Belgian Justice Minister, exploded in a packed courthouse in the eastern city of Liege yesterday, said. Reuter reports from Brussels.

Mr Gol, the hardline senior deputy premier in charge of law and order in Belgium, had been due to attend a swearing-in ceremony for young lawyers in the building but was detained in Brussels by an important parliamentary debate.

Witnesses said Mr Gol's name was on the printed invitations for the ceremony which was about to begin when the blast went off.

No-one claimed responsibility for the bombing and Mr Gol, who visited the scene after the attack, said the man who was killed might have been trying to plant the device. His body was badly mutilated and could not be immediately identified.

Fall in US jobless

Further evidence of moderate US economic growth in the fourth quarter came yesterday when the Government reported that unemployment in November dipped from 7.1 per cent to 7 per cent while employment rose by 183,000, Stewart Fleming writes from Washington. The employment gain was rather slower than that which has been seen in earlier months this year and once again most of the jobs were created in the services sector.

More Soviet missiles

Mr Caspar Weinberger, the US Defence Secretary, said in London yesterday that the Soviet Union now had 27 new mobile SS-25s, capable of being used at various ranges, in an operational state, Robert Mauthner, Diplomatic Correspondent, reports.

Construction of these missiles was continuing at additional bases. The development of the SS-25s was in clear violation of the Salt 2 agreement, which the Soviets say they continue to observe. This agreement permits the development of only one new type of intercontinental ballistic missile, Mr Weinberger said.

OAS reforms passed

The members of the Organisation of American States have approved sweeping charter reforms, giving its secretary general the power to mediate disputes and opening the way for Belize and Guyana to join the regional group, AP reports from Cartagena, Colombia.

The "Protocol of Cartagena" approved Thursday also includes a paragraph, passed unanimously, stating the support of the OAS for the principle of "ideological pluralism, reinforced by the principle of democratisation."

Ver decision soon

President Ferdinand Marcus, of the Philippines, told the commander of US forces in the Pacific yesterday that the future of Gen Fabian Ver, the armed forces chief, would be decided "after about a week," the Presidential Palace said, AP reports from Manila. An official news release also said Mr Marcos told Adm Donald Hays, he had ordered Gen Ver and his deputy, Lt Gen Fidel Ramos, to the field to supervise the Government's campaign against a growing communist insurgency.

Magazine accord

The French news magazine L'Express and the Belgian magazine le Vif are to team up from next February to produce two new weekly magazines in Belgium, le Vif's director Mr Gerald Jacoby said yesterday, Reuter reports from Brussels. L'Express, owned by British foodstore magnate Sir James Goldsmith, will take a 50 per cent stake in le Vif's publishing company. One of the new weeklies will cover Belgian and international political and general news. The other will feature leisure and lifestyle.

Britain rejects Spain's Gibraltar proposals

BY DAVID WHITE IN MADRID

BRITAIN yesterday implicitly turned down Spanish proposals for an eventual political settlement over Gibraltar.

However, Sir Geoffrey Howe, UK Foreign Secretary, and Mr Francisco Fernandez Ordonez, Spanish Foreign Minister, agreed that talks on sovereignty should continue "through diplomatic channels."

The two days of British-Spanish talks here were the first time there has been any real discussion of Gibraltar sovereignty. But British officials said the talks on this central issue did not go beyond a formal exchange of positions.

Spain's Socialist administration made confidential proposals earlier this year, at first verbally and then in writing, for an interim settlement involving either an arrangement for Spain to lease Gibraltar back to Britain or for a condominium between the two countries.

The officials said that the premise on which these proposals were based—the *final return* of Gibraltar to Spain—was not acceptable to Britain. There was no question at the moment of considering any mechanism that led automatically to Spanish rule.

Sir Geoffrey emphasised Britain's commitment to honour the wishes of Gibraltar's population, as laid down in the preamble to the colony's 1969 constitution.

At the same time, the two governments agreed to try to speed up progress on plans to give Spanish airlines access to Gibraltar's airport—a key aspect of the co-operation talks which have been taking place since November last year.

The Gibraltar issue occupied the whole of Sir Geoffrey's second session of talks with Mr Fernandez Ordonez yesterday and was the main subject of a meeting earlier in the morning with Mr Felipe Gonzalez, the Prime Minister. Sir Geoffrey described the talks as "useful" and "constructive," and said *they took* place in a "very cordial and relaxed atmosphere."

Sir Geoffrey Howe with King Juan Carlos before his ministerial talks yesterday over the sovereignty of Gibraltar

Bonn agrees draft plan aimed at curbing strikes

BY RUPERT CORNWELL IN BONN

THE WEST GERMAN Government yesterday agreed new draft legislation which, if enacted, would make it much harder for trade unions here to stage selective strikes aimed at paralysing entire sections of industry.

The move, taken by a special interministerial committee, is the latest development in a serious row over efforts by a wide section of the ruling centre-right coalition to limit the duty of the state to provide unemployment benefits to workers laid off by strike action elsewhere.

The proposal will be presented to a special meeting on Tuesday, chaired by Chancellor Helmut Kohl, at which representatives of the Government, the employers' federation and the unions will attempt to find a compromise solution to their differences.

But the prospects of a settlement appear dim. The unions have already condemned the Government's idea as a sham, and argue that any such curb on benefit would amount to an assault on their right, guaranteed by the West German constitution, to organise strikes.

The campaign spearheaded by the liberal Free Democrats (FDP) and backed by some 130 MPS from the Christian Democrats (CDU) and the Bavarian CSU, stems from the seven-week dispute in the engineering industry in the summer of last year in pursuit of a 35-hour working week.

On that occasion, IG Metall, the engineering union, organised strikes in about a dozen key component plants. The result was to bring the entire West German car industry to a standstill.

After a protracted legal battle, the country's courts decided that the Federal Labour Office in Nuremberg would have to pay benefits, costing some DM 200m, to the car plant workers indirectly affected by the *stoppages*.

The new draft would change matters by stipulating that workers laid off by the strikes, but who stood to gain from a successful outcome, would not be entitled to benefits.

In practice this would mean that the union organising the action would itself have to provide strike pay for these men as well — a cost which few unions could long sustain.

West Germany's steady economic upswing is gathering pace, Rupert Cornwell reports from Bonn. Figures issued yesterday showed that real gross national product grew by a real 3.2 per cent in the third quarter compared with a year earlier, helped by a notable increase in domestic and private demand.

The Economics Ministry data bears out official and other forecasts that 1985 will see real growth of 2.5 per cent or *slightly more*, after a brief hiccup in the first quarter caused by the unusually bitter winter freeze-up.

Singapore says it will pull out of Unesco

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT

SINGAPORE yesterday made clear that it would withdraw from Unesco — the United Nations Educational, Scientific and Cultural Organisation—at the end of this year, thus following in the footsteps of the US and Britain.

The decision was disclosed by *a government official* amid a spate of international criticism of Britain's decision, announced on Thursday, which came both from Britain's western allies, developing countries and Eastern Europe.

Among the European Community countries, the strongest negative reaction came from the Netherlands which "highly deplored" the British decision, according to a spokeswoman

Though the Dutch Government said it also had reservations about Unesco it was cautiously optimistic about the "*serious reforms*" which were being implemented by the organisation and had no intention of leaving it.

A similar stace was adopted by the West German Government, which, though not openly critical of the UK, said that Unesco's general conference in Sofia in October had met most of the West's demands for reforms.

The West German opposition Social Democratic Party, however, fiercely attacked Mrs Margaret Thatcher, the Prime Minister, saying that she had offered "self-righteous and implausible reasons" for quitting the organisation.

Australia and Japan also regretted Britain's decision. The departure of Britain would further deprive Unesco of a substantial, political, intellectual and financial contribution, Mr Bill Hayden, the Australian Foreign Minister said.

Mr Boutros Boutros Ghali, the Egyptian Minister of State for Foreign Affairs, said Britain's move contradicted what he called Unesco's philosophy of dialogue, co-operation and peaceful co-existence between different ideologies.

The Soviet news agency Tass echoed criticisms expressed by the British opposition Labour Party that Mrs Thatcher's Government had bowed to pressure from Washington.

France sets tight money supply target

By David Marsh in Paris

FRANCE is setting a restrictive money supply target for next year to maintain the fight against inflation and hold the franc steady in the European Monetary System.

Mr Michel Camdessus, the Governor of the Bank of France, who unveiled yesterday a 3 to 5 per cent growth target for the M3 aggregate next year, used the occasion to rebut any question of difficulties ahead for the franc within the EMS.

Declaring that the franc was "going well," he said a statement last weekend by Mr Gerhard Stoltenberg, the West German Finance Minister, suggesting the need for a D-mark revaluation, had "no effect on the exchange markets."

The reason, Mr Camdessus said, was because the markets knew that French inflation—now at around 5 per cent—was down to the average of its trading partners and that the balance of payments was in equilibrium.

Pointing out that French monetary reserves had reached levels "rarely attained" as a result of foreign exchange inflows over the past 2½ years, Mr Camdessus said France was "undergoing a profound change."

"We have abandoned a type of economic policy which relies on periodic devaluations to give a short term boost to activity. Instead France now accepts constraint through the exchange rate," Mr Camdessus said.

Next year's money supply targets will be based largely on M3—a wider definition of liquidity than the M2 target used up to now.

Four Taiwanese imprisoned for China trading

By Robert King in Taipei

A MILITARY court has sentenced four Taiwanese civilians to stiff jail sentences for doing business with China.

The sentences, which range from 12 to two and a half years imprisonment, underscore Taiwan hardliners' continuing opposition to direct contact with the mainland in trade, business or politics.

The Taiwan garrison command TGC, which under martial law is responsible for the island's internal security, arrested the four businessmen in June and announced their detention three months later. Charges included "executing illegal measures to overthrow the government," "supplying traders with property," and "sneaking into mainland China to assemble machines and give operating instructions," a local press report said.

The tough response from the authorities reflect increasing interest among Taiwanese businessmen in conducting business with the mainland from which Taiwan has been estranged for more than 35 years. Demand for high quality consumer goods in China has fostered a surge in indirect Taiwanese sales through Hong Kong as well as direct traffic through the southern Chinese province of Fujien.

Top Soviet oil official sacked

BY PATRICK COCKBURN IN MOSCOW

THE head of Soviet oil distribution, Mr Talgat Khuramshin, has been sacked for corruption, Tass, the *state news* agency, said yesterday.

Mr Khuramshin is one of the most senior officials to be removed in the crack down on corruption which has gathered pace since Mr Mikhail Gorbachev became Soviet Leader in March. Mr Khuramshin, chairman of the state committee for oil supply, was also expelled from the Communist Party.

The management of the oil industry has been heavily criticised in recent years, mainly for failure to meet production targets rather than corruption. The Oil Minister was changed earlier this year.

The short Tass announcement printed in yesterday's Communist Party Daily Pravda did not give the precise reason for Mr Khuramshin's sacking. It follows a number of well-publicised dismissals of senior officials since the death of President Brezhnev in 1982.

Mr Yegor Ligachev, the most senior member of the Soviet Politburo after Mr Gorbachev, wrote in the Soviet Communist Party's theoretical monthly Kommunist this summer that corruption was one of the most serious threats facing the Communist Party in the Soviet Union.

The petrol distribution network has also been widely criticised for encouraging theft from state fuel stocks because of inadequate supply—38 per cent of the petrol consumed by private car owners is bought on the black market—according to a recent survey.

Changes in senior Communist Party personnel since Mr Gorbachev came to power has seen the removal of some 32 out of 157 Communist Party first secretaries though many of these have merely retired or been shifted to equally important jobs.

Bremridge to retire from HK post

BY DAVID DODWELL IN HONG KONG

SIR JOHN BREMRIDGE is to retire in the *middle of next* year as Hong Kong's Financial Secretary. He will be replaced by Mr Piers Jacobs, a career civil servant in Hong Kong who since 1982 has been Secretary for Economic Affairs.

Sir John became Financial Secretary in 1981 after a career in the private business sector, most recently heading the Swire Group in Hong Kong. His period in office has been a controversial and difficult one, marked by political uncertainty, a *major property market* collapse, two currency crises and large budget deficits.

His retirement has been signalled for some time. It is likely to come shortly after he *achieves* what *is* probably his single most important objective—the elimination of a deficit on government spending.

The succession by Mr Jacobs has also been clearly signalled in recent months. Mr Jacobs joined the Hong Kong civil service in 1962 *in* the Registrar General's Office. In 1976 he became Registrar General, and then in 1982 became Secretary for Economic Services.

Mr Jacobs is expected to leave his present post in January for an extended leave to familiarise himself with the new job. He will be succeeded as head of economic services by Mr John Yaxley, who is currently Hong Kong's director of industry.

Japanese growth rate slows in third quarter

BY JUREK MARTIN IN TOKYO

THE JAPANESE economy grew much less rapidly in the third quarter of this calendar year than it did between April and June.

The Government announced yesterday that gross national product in the July-September period had risen in real terms by an annual rate of 2.6 per cent; in the preceding three months it had expanded at a real annual rate of 5.8 per cent.

The Economic Planning Agency attributed the *slow* growth to sluggish exports and domestic housing construction and to a tapering off in consumer spending. The appreciation of the yen, which only began in the last week of September, was not a factor in the quarter's returns.

The latest figures raise some doubt as to whether the official government target of 4.6 per cent real growth in the current fiscal year, which ends in March, can be met, especially since the deflationary impact of a higher yen will presumably show up increasingly in the months ahead.

Given both the international and domestic political pressure on the Japanese Government further to stimulate domestic demand, the focus is now squarely on the tax cut issue.

Yesterday, the Tax System Council, a government advisory body, recommended no income tax cuts next year. Reflecting conservatism widely *held* inside the Ministry of Finance, it said the state's deficit and refinancing problems precluded a simple tax cut.

The council also failed to come to any conclusions on some of the most controversial aspects of tax reform, which may or may not form part of a tax package. These include new consumption taxes and no abolition or reduction of current tax breaks on personal and corporate taxes.

Zia urges India not to seek domination

BY JOHN ELLIOTT IN DHAKA

AN APPEAL to India not to try to use its superior size to dominate the new South Asian Association of Regional Co-operation which is being set up this weekend at a summit in Dhaka was made yesterday by General Zia ul Haq, President of Pakistan.

Catching the mood of the six smaller countries involved, President Zia said: "It will not cost India to play a low profile and generate confidence in others. Let India buy something from smaller countries. Only in this way can we live in peaceful co-existence."

Indian diplomats responded privately to the remarks without taking offence, saying that India realised it had to proceed cautiously in the new association that will emerge this weekend from the first-ever summit of the Indian sub-continent's seven leaders.

Mr Maumoon Abdul Gayoom, President of the Maldives, the smallest nation involved, voiced a similar view and rejected the idea that India would try to dominate the association. "I am sure it will not because the whole idea behind Saarc is that all the countries are equal and sovereign and that there should be no undue influence of one over the other."

At present India has a variety of border and other bilateral differences with almost all the countries in the area and it realises that it could find them combining against New Delhi within the new association if it tried to be too domineering.

Pakistan has the most acrimonious relationship with India, including armed border clashes, so President Zia's remarks made in an interview with the Bangladesh Observer were specially significant.

"Through Saarc we hope to convince India that it must take measures to play its part as the centre figure in South Asia but with a recognition that there is nobody big or small. They are all equal independent states. India must also realise that it is the smaller states which have the greater ego."

Gas leaks again from Delhi fertiliser plant

GAS LEAKED from a fertiliser factory in New Delhi yesterday just two days after a spill from the same plant left one person dead and thousands fleeing in panic, police said, AP writes. No one was injured in the new leak, which police described as minor.

Assistant Police Commissioner Sajan Singh said five tons of oleum gas leaked through a corroded valve of a cooling pipe at the Shriram Food and Fertilisers plant. The Press Trust of India said the spill occurred in the morning at a 20-ton tank at the plant.

The leak was controlled in 25 minutes after police, firefighters and plant workers poured lime and water on the gas, Mr Singh said.

Police spokesman Mr R. S. Pawar, said three plant employees, including Mr V. D. Sharma, the general manager, were arrested on charges of negligence. Mr Sharma and two other officials were arrested after Wednesday's leak but later released on bail.

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Austin Rover plans to end toolmaking at three plants

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

AUSTIN ROVER, BL's volume car company announced last night plans to shut toolrooms at three factories with the loss of 750 jobs.

The statement followed an informal national conference held in Warwickshire yesterday with the Amalgamated Engineering Union seeking a company response to a report in the Financial Times of October 14.

Austin Rover confirmed the report of the planned closure of three tool rooms at Castle Bromwich near Birmingham with the loss of 580 jobs; Llanelli in South Wales (50); and Dunstable in Bedfordshire (120).

The company also gave details of another 70 jobs to be shed at the Llanelli components plant as part of a cut in production. Closure of Austin Rovers' Castle Bromwich operation next March will mean a further 180 workers will be offered a transfer either to company factories at Swindon in Wiltshire, or to Drews Lane in Birmingham.

Austin Rover rejected union claims last night that bte moves could cause the loss of 1,000 jobs, and insisted offers of voluntary redundancy or alternative employment would keep the loss to "a maximum of 750."

The company said the cut in tool making capacity would bring this operation into line with other activities. The total workforce had been balved to 41,000 since 1979, but toolmakers had been retained to deal with the recent rapid model development programme.

Mr John Allen, Birmingham East District Secretary of the AEU, said the closure of Castle Bromwich waa "a disaster for the Midlands." He maintained recent closures of tool rooms in the region meant companies would now be forced to go overseas to West Germany or Japan.

Mr Allen said Austin Rover had rejected the union's plea to maintain Castle Bromwich to handle work for the other parts of the state-owned BL parent. "These skilled men have the expertise to carry ont development work planned by Land Rover, and prevent the work going to overseas competitors."

British Steel to increase most prices

By Ian Rodger

BRITISH STEEL is raising the prices of most of its prodncts—with tbe important exceptions of wide strip and plate—by 3 per cent to 6 per cent from December 29.

The increases are the first since last April and in some instances involve the removal of rebates offered last summer wben the rise in the value of sterling encouraged an inflow of imports.

The increases apply to structural sections except angles and sheet piling and to narrow strip, alloy billets and bars and semi-finished stainless steel and bars.

The £20 temporary rebates have been removed from the stainless products bnt the nickel and chrome surcbarges will remain on stainless, alloy and spring steels.

BSC's special steels division has undertaken not to impose fnrther increases on its alloy steels for at least 12 montha in response to demands from consumers for price stability.

BSC is alone among EEC prodncers in not imposing a 3 per cent iocrease on wide strip prices in the New Year. This is becanse the movement of European exchange rates pusbed BSC prices onl of line with those of continental prodncers this year and the market has been weakening recently.

Mr John Safford, director-general of the British Iron and Steel Consumer Council, said he had not received any complaints from major steel users about BSC's proposed increases.

Midland Bank cuts customer charges

MIDLAND BANK has revised its tariff for personal customers who overdraw. From next Monday, charges for cheques and standing-orders are rednced from 31p to 28p, although the charge for auto-bank withdrawals and direct debits is increased from 12p to 25p for each item.

John Moore on a change of heart over the market's chief executive

Lloyd's to study Miller's move

ON MONDAY tbe 28 members of the ruling council of Lloyd's insurance market gather for their regular monthly meeting. The agenda's items for discussion will include plans for the markets tercentenary celebrations and a set of rules to limit further insider dealings by professionals in tbe community.

Dominating the discussions, however, will be the surprise change of plan this week by Mr Peter Miller, Lloyd's cbairman, to support the terms of refereoce of the present chief executive, Mr Ian Hay Davison, rather than change them as he planned initially.

Peter Miller: surprise change of plan

On Thursday, Mr Miller revealed in a City speech that he had capitulated on plans which could have altered radically the role of the chief executive following pressure from Parliament, the Government and the Bank of England.

The response by Lloyd's to outside pressure is by no means as simple as it first appears. Further, there is a range of other chaoges which have yet to be resolved in the way the market is to be managed.

Lloyd's consideration of the way the market is managed was forced on it last month when Mr Davison announced his surprise resignation from the £120,000 chief executive post.

Then, Mr Davison had said he planned to leave Lloyd's by next May following Lloyd's discussions about changing the chief executive's terms of reference and status.

For Mr Davison the discussions represented a direct challenge to his position at Lloyd'a. A leading accountant, he had been brought into Lloyd's by the Bank of England at the end of 1982 to belp reform tbe market after a series of scandals.

His terms of reference were drafted largely by the Bank. Lloyd's, however, launched an interoal inquiry, to consider the top policy-making and executive functions. Mr Davison felt tbis threatened and would erode his position.

There was widespread concern in the City and Parliament about the pronounced resignation of Mr Davison. Bank of England officials were uneasy about the departure of a man they had put in, to sort out the troubles, resigning before his contract was due to expire and before substantial parts of the reform programme were completed.

The Goveroment was worried be had cbosen to resign when the Financial Services Bill was coming before Parliament. The public rows and troubles at Lloyd's threatened to compromise passage of the bill, which is designed to reform regulation of the City.

Moreover, Lloyd's, allowed to run its affairs under its own Act of Parliament, could be drawn into the new, more formal, legislation as politicians become more agitated about the troubles.

What has surprised circles in Lloyd's, the Bank and Parliament is Mr Miller's capitulation on the question of Mr Davison's terms of reference. There is, after all, an inquiry in progress at Lloyd's yet to report on the whole question of top policy-making and executive functions there.

That inquiry team is briefed to review the portfolios of the chief executive's immediate staff and their responsibilities "in respect of both line and staff functions."

At the core of management tensions is the question of the chain of command and who reports to who in the organisation. Mr Miller is determined to reassert the authority of the Lloyd's chairman.

This week he said: "Effective regulation does not and cannot hinge upon one individual, be he chairman, chief executive or corporation [of Lloyd's] employees.

"Valuable though the work of the present chief executive has been, it is only part of a continuing process started by many people at Lloyd's long before his appointment, and will continue long after bis departure."

That statement indicates future maoagement at Lloyd's. Mr Miller and the Lloyd's establishment were worried by the presence of a chief executive, a new and imposed phenomenon, who has only operated in Lloyd's for nearly three years.

Lloyd's was worried an administrative republic might be created by the chief executive which could undermine the chairman's overall authority.

Now Lloyd's has changed its line. Rather than change the chief executive's terms of reference Lloyd's may decide to change the terms of senior administrators in the market, so the administrators understand that management flows from the chairman of Lloyd's rather than the chief executive.

Also, in Mr Miller's speech this week, there were clear signs he expects the chairman to be playing a more visible role in management of the market's affairs.

He emphasised that the chief executive reports to the chairman and to the council, rather than the chief executive's responsibilities for a range of duties involviog implementation of council policy and regulatory matters.

It is clear the Bank does not want the terms of reference of its present nominated chief executive changed, in form or substance. In the Bank this week there was unease about the tone and content of Mr Miller's speecb.

The problem next week for the Lloyd's chairman is explaining to his council why, before his own internal inquiry had reported on management changes required for the future, he made his policy statement on the chief executive's role; and why the statement bad not heen discussed before a full meeting of the council.

Building trade growth forecast

BY JOAN GRAY, CONSTRUCTION CORRESPONDENT

THE CONSTRUCTION industry is set for continuing growth over the next two years, according to an optimistic end-of-year forecast from the National Council of Building Materials Producers.

The growth will be fuelled by commercial building such as offices, shops and botels as well as by private sector housebuilding, says the council.

However, Mr Tony Woodburn-Bamberger, its forecasting panel chairman, empbasised that the predicted recovery would he distinctly patchy.

"This forecast shows optimism for private sector construction, with the benefits concentrated on building rather than civil engineering," he said.

The council predicts overall growth for tbe construction industry of 2 per cent this year, 2.5 per cent next year and 2.5 per cent in 1987.

Within this comparatively "gentle" level of overall growth, the council is forecasting that commercial building will grow by 9 per cent this year, 7 per cent next year and 6 per cent in 1987. It reckons housebuilding will grow by 6 per cent in 1986 and 2 per cent in 1997.

Public sector housebuilding, on the other hand, is forecast to show a continned and steady decline—down 16 per cent this year, down 19 per cent in 1986 and down 9 per cent in 1987.

Other public sector works are forecast to fall by 3 per cent this year and to show no change in 1996. However, they may sbow a slight increase of 2 per cent in 1987 in the run up to the General Election, saya the council.

The council also predicts that, with the phasing out of capital allowances, the dramatic growth in industrial building which has fuelled the industry for the last two years will come to an end.

The value of work in industrial building grew by 25.3 per cent in 1984 and has grown by about 20 per cent this year.

However "the factory building boom will end during 1986, wben the hectic rush to take advantage of capital allowances fades," says the forecast.

It predicts that tbe volume of new industrial building work will show no change next year and will fall by 3 per cent in 1987.

Wilmot to resign as non-executive chairman of ICL

BY GUY DE JONQUIERES

MR ROBB WILMOT, who steered ICL, the computer manufacturer, to recovery after its near-collapse in 1981, is to resign this year as its non-executive chairman and as a director of STC, the troubled telecommunications company which acquired ICL last year.

Mr Peter Bonfield, 41, ICL managing director, will also take on the role of chairman.

STC said that with the completion of its merger with ICL it was appropriate that Mr Wilmot "should relinquish his post so that he can devote more time to his growing interests in the European electronics industry."

Mr Wilmot, 40, is joint chairman of European Silicon Structures, a newly-formed semiconductor venture which is close to completing negotiations on financing.

When Mr Wilmot joined ICL as managing director in 1981, he was one of the most higbly-paid executives in the British electronics industry.

He received an annual salary of £150,000, a generous package of share options, a £25,000 "dislocation allowance" and a £297,000 house which was mostly paid for by the company.

He became ICL chairman after the merger with STC but gave up executive responsibilities in November last year when he received a golden handshake of £190,844.

Private take-up of local bus routes urged

By Tony Jackson

A PROMOTION campaign to persuade private bus operators to take on responsibility for local routes is heing launched by the Governmnet. The routes are to be deregulated next year under the provisions of the 1985 Transport Act.

The Transport Ministry is sending a circular to 6,000 bus operators explaining the new legislation and registration application form. The forms, wbich have to be returned by the end of February, require details of the routes proposed and details of stops and timetables.

As an added incentive registration as a local bus operator will be free if lodged before the closing date. The registration differs from the old licensing system in that applicants are not required to justify their application in terms of existing local services and other operators are not entitled to cballenge the application.

Cazenove leads league for corporate finance

FINANCIAL TIMES REPORTER

CAZENOVE, the stockbroker, continues to be the City's most popular firm for corporate finance, according to the league table pnblisbed in the latest edition of Crawford's Directory of City Changes.

The broker has 236 company clients, up from 225 last year and well ahead of its nearest rival, Rowe & Pitman, which bas 133.5 (117.5). Hoare Govett slips to third place with 126 clients (121).

In the merchant hank league Morgan Grenfell moves from fourth to top spot, raising its number of corporate clients from 110 to 131.5. Last year's leader, S. G. Warbnrg, is displaced to second place, with 129 clients.

Kleinwort Benson rises from fifth to third, pushing Hill Samuel and County Bank out of the top tbree into fonrth and fifth places respectively.

STOCKBROKERS		Clients*
1	(1) Cazenove	236
2	(3) Rowe & Pitman	133.5
3	(2) Hoare Govett	126
4	(4) Grieveson Grant	108
5	(6) de Zoete & Bevan	89.5
6	(5) Laing & Cruickshank	88.5
7	(8) Capel-Cure Myres	75
8	(7) L. Messel	73.5
9	(12) Phillips & Drew	72
10	(9) Laurence Prust	58.5

MERCHANT BANKS		Clients*
1	(4) Morgan Grenfell	131.5
2	(1) S. G. Warburg	129
3	(5) Kleinwort Benson	128.5
4	(2)†Hill Samuel	116
5	(2)†County Bank	110
6	(6) N.M. Rothschild	98
7	(7) J. Henry Schroder Wagg	91
8	(9) Samuel Montague	85
9†	(8) Barclays Merchant Bk	82
9†	(1) Hambors Bank	82

Figures in brackets indicate position last year. † Tie position. * Number of clients listed in Crawford's.

Benn urges support for Liverpool

BY PETER RIDDELL

THE Labour Party should back the Liverpool councillors, Mr Tony Benn and Mr Eric Heffer urged last night in defiance of the stand taken by the Labour parliamentary leadership and national executive.

They addressed party members in Liverpool on the eve of the inquiry set up by Labour's national executive, which is to start taking evidence about the activities of members of Militant in the Liverpool Labour Party.

Mr Neil Kinnock, the Labour leader, has distanced himself from the Labour group in the city after its threatened sacking of the 31,000 council employees.

Mr Benn said the Liverpool Labour councillors should receive the full backing of the Labour Party. He hoped that all constituencies and trade unions would rally round and send them money and support.

Mr Benn argued that the councillors had been defending their own people from the effects of job losses caused by market forces and cuts in government money for the inner cities.

Both Mr Benn and Mr Heffer argued tbat Liverpool had merely been following through the policies agreed at successive Labour conferences.

Mr Heffer described the suspension of the city party as "disgraceful."

Peter Riddell on Thursday's by-election result

Tyne Bridge confirms the trend

THE TYNE BRIDGE results confirms the current pattern of parliamentary by-elections.

Labour, the victor with a reduced majority and a low turnout, performed less well than indicated by national opinion polls.

The Tories performed worse, and the Alliance, coming second in place of the Conservatives, turned in a much better result than might bave been expected on the basis of national trends.

BY-ELECTION TRENDS
(% change in share of vote since 1983)

	Con	Lab	Alliance
Penrith	−12.9	− 5.9	+16.7
Chesterfield	−17.2	− 1.6	+17.2
Cynon Valley	− 6.8	+ 2.8	+ 1.8
Stafford	−10.8	+ 3.7	+ 7.1
Surrey SW	−10.4	− 1.5	+11.3
Portsmouth S	−15.7	+ 3.9	+12.2
Southgate	− 8.5	− 5.9	+12.2
Brecon and Radnor	−20.5	+ 9.4	+11.4
Tyne Brodge	−14.1	+ 1.4	+11.4

This confirms the message of local council by-elections. For instance on Thursday, the Alliance gained seats from Labour in Blyth Valley and Abingdon, and from the Tories in the New Forest, Windsor and Chippenham.

Indeed, a striking feature of the last four parliamentary by-elections is how, in markedly different types of seats, the Alliance share of the vote has risen by roughly similar amounts—between 11.4 and 12.2 per cent.

In a sense, Dr David Owen, the SDP leader, was right to argue yesterday that the Alliance is now the main challenger to Labour north of Potters Bar and to the Tories to the south.

The snag for the Alliance is that it remains the challenger rather than the potential or actual victor in these aeats.

Not too much should be read into the Tyne Bridge result itself. Turnout was down from 61 to 38 per cent. This reflects a combination of a 14-month-old electoral register, moves by a third of the electorate during this period, bad weather on polling day and the foregone conclusion that Labour would win.

Turnout was also very low in the by-elections in Glasgow Central and Manchester Central in the last parliament.

In these unusual circumstancea, Labour did reasonably well to increase slightly its share of the vote compared with the 1983 General Election. However, the party would have to do very much better in its key marginal seats if it is to have any hope either of becoming the largest single party at the next election or of winning power outright.

For the Tories, the result, a drop in its share of the vote of more than 14 percentage points, is a disappointment after its recent improved poll showing, but not unexpected for the mid-term of a parliament in an inner city seat.

Barring unforeseen parliamentary by-elections, the next major test will be in May with elections io the London boroughs, for the Inner London Education Authority, in the metropolitan districts of the cities and in some non-metropolitan towns.

Since the comparison will be with elections beld at the beight of the Falklands War in 1982, Labour sbould make sizeable gains and, on past form, it may also prove difficult territory for the Alliance.

Unions win pit reprieve with offer on output

By Maurice Samuelson

A NORTH YORKSHIRE mine regarded as unviable by the National Coal Board has been saved from closure following a last-minute offer by unions to raise coal output there by more than 40 per cent after cutting the workforce by nearly 25 per cent.

The NCB announced yesterday it was reprieving the 125-year-old Darfield Main colliery after appeals by the three unions concerned: the National Union of Mineworkers, Nacods, the pit deputies' union and the white-collar British Association of Colliery Management (BACM).

The board had decided to close the pit on economic grounds, but in May it went into the review procedure, the industry's appeal machinery. The unions' objections failed at area level but have succeeded on appeal at a national level.

The review board heard alternative proposals from all three unions, and accepted one put forward by BACM, involving raising output from 270,000 tonnes a year to nearly 400,000 tonnes while cutting the workforce from almost 500 to below 400. This enables the pit to meet the NCB's new cost yardstick of £39 a tonne.

Mr Jack Taylor, NUM's Yorkshire area president, hailed the pit's reprieve as "a victory for the area union, the branch and the community in unity with the national union."

However, the board stressed that the credit for the rescue plan belonged to the BACM. It said: "The unions have withdrawn their appeal and have agreed to the local area director's proposals for the viable operation of Darfield Main on a reduced scale."

The decision is the first of its kind since the unions and the NCB agreed on a revised review procedure.

The mining unions in North Yorkshire are also opposing closure of the Kinsley drift-mine, which the NCB says has ceased to be viable. The NCB blames geological difficulties and the backlog of damage caused during the strike, culminating in last week's collapse of one of the pit's two remaining faces.

However, the NUM last week decided to drop opposition to NCB closure plans at Fryston, north Yorkshire, which is also in the review procedure.

Eagle Star chief resigns

By George Graham

SIR DENIS MOUNTAIN, 56, has retired on health grounds from his post as chairman and managing director of Eagle Star Holdings, the insurance group now owned by BAT Industries.

He is to be replaced as chairman of Eagle Star Holdings by Sir Jasper Hollom, a director of BAT and former deputy governor of the Bank of England. Sir Jasper was chairman of the Takeover Panel during BAT's battle with Allianz Versicherung, the West German insurance company, to take over Eagle Star.

Mr Tony Ratcliff is intended to be appointed deputy chairman and chief executive of the operating company, Eagle Star Insurance.

Sir Denis has also resigned from the boards of BAT Industries and BAT Financial Services but has been appointed to the honorary position of president of Eagle Star Holdings.

BUILDING SOCIETIES BILL

Surprise curb on new services and hostile takeover bids

BY CLIVE WOLMAN

THE RESTRICTIONS on the building societies' freedom to offer new services and on the rights of one society to make a hostile take-over bid for another are the main surprises in the Building Societies Bill.

The Bill also grants the supervisory authorities greater powers and opens up new sources of finance for the societies. Most of the other provisions were previewed fairly extensively in last year's Green Paper on building society reform and in two speeches this year from Mr Ian Stewart, economic secretary to the Treasury.

Initially, a building society will be allowed to devote 5 per cent of its lending to class 3 assets, which cover unsecured loans and other activities such as residential property investment and investments in estate agencies, insurance brokers and other subsidiary activities. Up to 10 per cent may be devoted class 2 assets which cover second mortgages, equity mortgages and other secured lending. But at least 90 per cent of lending must be on first mortgages to owner occupiers

In addition, societies will be allowed to raise up to 20 per cent of their funds from the wholesale money markets.

The Bill will allow the commission to raise these ceilings, but its freedom to do so is limited. The limits will be 20 per cent of total lending for class 2 assets, 10 per cent for class 3 assets and 40 per cent for wholesale funding. Mr Roy Cox, chairman of the Building Societies Association, said yesterday that he considered the new limits unnecessary. In the longer term, they might prove unduly restrictive, but it might be difficult to find parliamentary time for further legislation, he said.

However the existence of maximum ceilings may make it easier for the commission to raise the initial ceilings towards the maximum without creating fears that it is subverting the original purpose

Mr Stewart announced last month that smaller building societies have strongly opposed provisions to allow a society making a merger proposal with another society which is opposed by its management to appeal to its members directly over the managers' heads. The "bidder" was to be allowed access to the target society's membership list.

However the Bill imposes several restrictions on this right. The bidder will have to wait three months before asking the commission to grant it access to the list so that it can circulate its proposals. Even then, the bidder will be denied access if the target society agrees to circulate the merger proposals to its own members. The implication is that a bidder will have only one opportunity to contact the members, although amendments may be introduced to ease this restriction.

In cases where the bidder is more than eight times the size of the target society, a merger proposal must be approved by at least 20 per cent of the target society's members. This restriction is fairly demanding since turnouts for such ballots are normally very low.

The Bill also does not permit a bank or other company wishing to acquire a building society to gain access to its membership list. The right is restricted to building societies.

The Building Societies Commission, which will take over the supervisory role of the Chief Registrar of Friendly Societies, is to be given a much wider range of powers. It will have the power to determine whether a society has exceeded the limits on the deployment of its assets, and may order an offender to wind itself up or to become a company. The commission will also be able to adjudicate on whether a society's proposals falls within its powers or not. At present, many such issues have to be decided in open court.

To allow greater flexibility, the commission is also given much greater discretion to alter the provisions of the legislation through statutory instruments.

One new power that the Commission can grant to building societies is to boost its reserves — and thus increase its fund-raising and lending capabilities —by issuing subordinated loan stock. The loan stock holders would be doubly subordinated if the society became insolvent not only to the society's creditors, but also to their ordinary investors who are shareholders. No such instrument is in use at present, but the Bill allows the commission to authorise such an instrument in the future.

The conveyancing proposals in ~~the Bill remove~~ the bar on building societies from doing conveyancing work. The Bill empowers the Lord Chancellor to draw up rules by which the societies would be granted permission to undertake conveyancing and under what conditions. In particular, the Lord Chancellor has to protect the house purchaser from conflicts of interest that the conveyancer may face.

The Bill also details the provisions of the new Government-sponsored investor protection scheme which broadly follows the scheme for the banks. The scheme will be administered by a new Building Societies Investor Protection Board. If a society becomes insolvent, the board may levy contributions from the other societies up to a maximum of 0.3 per cent of the amount invested with it.

Investors in an insolvent society will be paid only 75 per cent of their investment up to a compensation limit of £8,500. Societies will also be permitted to enter into other voluntary arrangements, as at present, to compensate more fully investors in an insolvency society. They may also be allowed to lend money to a society in difficulty.

Another area in which building societies legislation is following closely that of the banks concerns the responsibilities of auditors. The Bill affirms the proposal in a consultative document in August that an auditor will be entitled to give information to the commission about a society without its managers' permission. However amendments are likely to be added to this section which would restrict that power to circumstances in which the capital of investors was at risk. Amendments will also ensure that the powers and duties of building society auditors are similar to those of bank auditors, which are also due to be changed.

Arduous path proposed for gaining company status

THE Government is proposing an arduous obstacle course for a building society wishing to become a company, and a more arduous one for a society wishing to be taken over by a bank or other institution.

A consultative paper published yesterday says such safeguards are needed to stop easy takeovers of societies which could offer their members a cash bonus as an inducement.

"This could precipitate a rush of conversions involving a rapid, disruptive and damaging change to the building society movement," the paper says, and refers to the US experience. "There could be large speculative movements of funds between societies on rumours of impending conversions."

The paper points out the difference between the rights of building society and company shareholders. "The building society shareholder has paid nothing for his contingent interest in the reserves (of a society), which have been built up by past members."

To ensure that the members' interests are "properly reflected," the paper proposes three special voting requirements for a society to become a company. A resolution would require a 75 per cent majority of voting investors, 50 per cent of voting borrowers and at least 20 per cent (but possibly more) of all investors. Full details of how the new company would be run, and of the share issue would have to be circulated.

The Green Paper published last year proposed giving all building society members a "scrip" issue of shares thus converting the society's reserves into shareholders' funds. But to prevent such a windfall profit encouraging speculative investments, the paper proposes the following procedure:

- Only those who have been society members for at least two years before the conversion would be entitled to privileged treatment.
- There would be a public offering of shares with society members being assured priority in the allocation.
- After one year, society members who subscribed to the issue would be granted bonus shares in proportion to their original holding.
- After a further year, the other members of the original society could be offered the choice of either a small cash bonus or some form of shares in the new company with restrictions on their rights to sell.

A society which became a company would also be protected from predators during the first five years of its corporate life. No one would be allowed to own more than 15 per cent of the shares. The justification is that such a company "might find itself vulnerable to takeover through no failing of its own, but simply because the business and investment community had not had sufficient time to assess its prospects."

However, this 15 per cent limit could be over-ridden after two years with the approval of the holders of at least 75 per cent of the shares. To override the limit in the first two years, as would be necessary if, say, a foreign bank wanted to acquire a society directly, 90 per cent approval would be necessary. The Building Societies Commission could waive these restrictions if a society ran into solvency problems.

A specific legislative provision may also be necessary to exempt a society which becomes a company from paying capital gains tax.

Conversion of building societies to company status from Committee Section, HM Treasury, 50p. Comments invited by January 31.

Shortage of funds 'hits science park tenants'

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

THE GROWTH of small companies on science parks was being hampered by a shortage of seedcorn investment, the first UK Science Parks Association conference was told in London yesterday.

Mr Kim Heyworth, of Peat Marwick, accounting firm, said smaller companies' investment needs were not met because institutions regarded money sought by them as too minor to justify involvement.

He said small investments were considered to be under £100,000. One answer was to seek and promote successful examples of funding—groups willing to take an equity stake for sums below £100,000.

A revamped loan-guarantee scheme combining lower interest rate premiums with more rigorous monitoring by accountants and the banks would also help companies on science parks, he said.

Mr Heyworth was presenting a paper on finance for science park companies, at the conference organised by the association and Peat Marwick.

In spite of this financial shortcoming Mr Heyworth's survey, conducted among 21 companies at Bradford and Warwick science parks, found companies on them believed they had a better chance of raising finance than comparable concerns operating elsewhere.

Launching the conference Mr Ian Dalton, association chairman, said £70m had been pumped into the 27 science parks in Britain, 21 of which were now fully operational.

"This is an investment that is paying off and creating the confidence for the private sector to invest both in property and in our tenants," he said.

The links forged with universities by the operating companies were emphasised by Mr Tony Pender, chief executive of English Estates, the government arm that helps factory-building in the English assisted areas.

A survey of 300 tenants on the 21 parks had shown 40 per cent originated from the neighbouring university, he said. Another 40 per cent were local in that they came from no farther than five miles from their park.

More than half, 57 per cent, engaged in design and development, and 23 per cent in research.

Star Wars goal 'an illusion'

BY PETER MARSH

THE GOAL of Star Wars—a leakproof shield to defend the US from Soviet missiles—is an illusion, a top Soviet official said in London yesterday.

Mr Evgenii Velikhov, vice president of the Soviet Academy of Sciences, told a meeting at the Royal Society that the US programme was trying to perfect technical solutions that looked highly difficult.

The result of the programme would be to force the Soviet Union to take tough measures against space-based hardware aimed at shooting down missiles.

This would lead to a proliferation of offensive weapons and a greater activity in the arms race, he said

Mr Velikhov, speaking at a public meeting organised by Pugwash, an international scientific group, said the Soviet Union was interested only in land-based systems to defend against missiles.

It was not interested in more exotic weapon systems, such as lasers.

Putting the case for Star Wars, Gen Kenneth Cooper, a retired US army officer and a member of a study group which advised President Reagan on Star Wars, said the programme offered a "wonderful opportunity for a major reduction in offensive missiles."

He said no-one could prove that an anti-missile system could work but, on the other hand, the research programme as it was set out did not contravene any known laws of physics.

OFT move likely on newspaper distribution

By David Churchill, Consumer Affairs Correspondent

MEASURES TO increase competition in the supply of newspapers and magazines to supermarkets and other stores are expected to be announced soon by the Office of Fair Trading.

The move follows a year-long investigation by the OFT into complaints that some newspaper wholesalers are refusing to supply retailers other than established newsagents with newspapers.

However, the OFT report, due to be published in the next two weeks, is not expected to recommend a total free-for-all in the supply of newspapers.

Sir Gordon Borrie, director general of fair trading, speaking to businessmen in Leicester, suggested that the OFT might "have some recommendations as to how to open up the distribution to some degree."

The refusal of some wholesalers to supply retailers with newspapers and magazines is based on fears that they would erode the established sales through traditional newsagents.

There is also concern that widening distribution could lead to pressure on the wholesalers from retailers for extra discounts.

The OFT recommendations are likely to give a boost to the launch next spring of Mr Eddie Shah's national newspaper which will be able to extend its distribution through the convenience store sector.

Sir Gordon also stressed that the Government policy towards mergers "was generally favourable. My belief is that the threat of takeover is an incentive to existing management to improve their performance and that takeovers and mergers are an important mechanism by which resources move from less efficient management to more efficient management," he said.

Sir Gordon pointed out that "mergers most likely to be condemned by the Monopolies and Mergers Commission are those where the merger would seriously reduce competition." He cited the example of European Ferries' attempt to take over Sealink which would have given it a 70 per cent market share of the cross-channel ferry routes.

PUBLIC ORDER BILL

A change of emphasis towards protection of the citizen

BY ROBIN PAULEY

THE GOVERNMENT yesterday published its Public Order Bill which will update the 1936 act to give the police more powers to control football hooligans, street riots, pickets, marches and demonstrations.

The measures are central to the Government's law and order policies. The review of public order was instigated by Mr Leon Brittan when he was Home Secretary and the proposals published in a White Paper in May.

Mr Douglas Hurd has accepted most, but not all, of those ideas, but has changed the emphasis of the presentation to weigh more heavily towards protecting the citizen. Mr Brittan was keen to emphasise that it was as important to protect the freedom to protest peacefully as it was to protect individuals from being hurt, bullied, intimidated or obstructed.

Douglas Hurd: more protection for the citizen

There will be three newly-defined offences of riot, violent disorder and affray to replace the old common law offences. Riot will be the most serious offence and the Government expects charges of riot to be brought very rarely. The minimum number of people required before definition of a riot is fulfilled rises from three to 12. To constitute a riot the behaviour has to be such that it would "cause a person of reasonable firmness if present to fear for his personal safety."

Any prosecution would require the consent of the Director of Public Prosecutions and the maximum penalty remains life imprisonment rather than the earlier proposal of 10 years. This is partly because a judge has recently sentenced a football hooligan to life imprisonment and that sentence is the subject of appeal.

The Government has not closed its mind to changing the maximum sentence as the Bill passes through Parliament, depending on the result of the appeal or on the view of the Commons.

A new offence of disorderly conduct is created. This will be the primary weapon against hooliganism which, while not violent in itself, would nevertheless cause misery to others, "particularly vulnerable members of society such as the elderly and the victims of racial harrassment." The maximum fine will be £400.

There will be a new exclusion order scheme aimed at tackling football hooliganism. A court would be able to order anyone found guilty of a football-related offence not to attend prescribed football matches for a period which is open to the court to determine. The court could also order a photograph of the offender to be taken to enable the police to operate the exclusion order.

Possession of fireworks or smoke bombs at or on entry to a football ground would be an offence.

The police will also have much stronger potential powers over football trouble through the wide-ranging controls proposed over marches, demonstrations and open-air public assemblies, which could include football matches.

Organisers of marches (but not static demonstrations) will have to give police seven days' notice or as much notice as is practicable when marches are called at short notice.

Police will have much wider powers to impose conditions on marches and assemblies and will be able to dictate the duration, location and numbers of people allowed in marches and assemblies if a "senior" police officer believes there is a risk of serious public disorder, damage to property or disruption to the life of the community or intimidation and coercion.

These powers will extend to assemblies such as mass pickets and represent controls which the police felt they needed but lacked during some of the worst picketing incidents of the miners' strike.

The Bill incorporates a safeguard against too heavy-handed an interpretation by police or for use if police are found to be deciding to move demonstrations away from embassies, for example, simply for convenience: all decisions will be subject to appeal through judicial review in the High Court.

A key proposal in the White Paper has been dropped by Mr Hurd under pressure from the police. The plan had been to give police powers to ask the Home Secretary to ban individual marches and demonstrations in place of the present law which allows the police to ask only for a blanket ban for a specified area and period.

This has been exploited by extremists of both right and left who have organised demonstrations deliberately to coincide with another march in the certain knowledge that both would be banned.

The police feared the new proposal would lay them open to charges of political interference if they were involved in selecting a march to be permitted and another to be banned.

There will be new protection for individuals from those who incite racial hatred. The present ban on behaviour or material likely to stir up racial hatred will be extended to cover items and behaviour intended to stir up racial hatred. It will also be an offence to possess such material intended for distribution and police will have powers to search for and seize racially inflammatory material.

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ECONOMIC DIARY

TODAY: Opec ministers meet in Geneva.

TOMORROW: Cypriot general election.

MONDAY: Retail sales (November-provisional), Producer price index numbers (November-provisional). EEC Finance and Agriculture Councils meet in Brussels. European Parliament in session in Strasbourg (until December 13). Commons debates Channel fixed link. BIS monthly meeting.

TUESDAY: Provisional estimates of monetary aggregates (mid-November). London and Scottish banks' monthly statement (mid-November). FT conference "The 11th world banking conference" at Hotel Inter-Continental, London W1 (until December 12). EEC Research Council meets in Brussels. Emergency council of International Tin Council reconvenes. Baker Initiative Committee meets in London.

WEDNESDAY: Cable and Wireless share offer. Tate & Lyle results.

THURSDAY: Capital expenditure by the manufacturing and service industries (third-quarter revised). Manufacturers' and distributors' stocks (third-quarter revised). Investment intentions of the manufacturing, distributive and service industries (1986-87). Provisional figures of vehicle production (November). EEC Internal Market/Consumer Affairs Council meets in Brussels. Nato Foreign Ministers meet in Brussels. Hong Kong Government land auction.

FRIDAY: Tax and price index (November). Retail prices index (November). Building Societies monthly figures (November). Usable steel production (November). Construction output (third quarter).

UK NEWS

Andrew Taylor and **Christian Tyler** find out how a fixed Channel link would affect trade and jobs on both sides of the water

Dover citizens fear their livelihoods will be going down the tunnel

"THE DIRTY deed's already been done," the seaman cried mournfully over the hubbub of the public meeting. His fear, shared by many in the bustling port of Dover, is that the British and French governments have already decided to give the go-ahead to plans to build a fixed Channel link.

Assurances from Mr David Mitchell, junior transport minister—repeated at a series of meetings in east Kent last week—that construction of a link was not a fait accompli, cut little ice with Dover citizens.

The Dover district has a population of just over 100,000 with 60,000 between the working ages of 16 to 65. Most of these rely on the cross-Channel ferries, directly or indirectly, for their livelihood. Ferry operators say services between Britain, France and Belgium will be severely reduced and some scrapped if a link is built.

Mr Alan Stibbie, owner of a bureau de change and an amusement arcade and chairman of the local chamber of commerce says: "This is a one horse town and they are about to send the horse to the knacker's yard."

Mr Steven Peters, owner of the 27-bedroom Hovertel hotel says: "Dover is not an attractive or chaming town. People come here for one reason: the ferry port."

"The business is almost totally geared for the stop-over trade: people waiting to catch a ship or wanting to rest after disembarking late at night or early in the morning," says Mr Peters who, reflecting the transitory and irregular demands of his customers, advertises that breakfast in the Hovertel starts at 3 am.

Most people using a fixed link will travel on the M20 which approaches from the west of the town. The plans show that motorists will arrive at the mouth of whatever bridge or tunnel is built before they even get to Dover, which will be several miles further east.

Mr Sherred, a local solicitor, says: "There is little here to attract motorists to come that extra distance into Dover. We have failed to develop the tourist infrastructure to attract holiday-makers, even though we have a castle. Light industry has not been encouraged. We have relied almost entirely on the through traffic to the ferry port.

Possible appeal for enterprise zone status

Remove the ferries, and the local economy will collapse."

Mr Sherred expects to be kept busy handling receiverships and liquidations if a link is built.

Kent has a strong environmental and farming lobby, and this has been reflected in planning policies pursued by Dover District Council. Mr Barry Williams, a local councillor, accepts that only a limited number of sites have been available for industrial development. He says attitudes may have to change, but will it be too late?

A survey of Dover Chamber of Commerce members claims that a further 2,500 jobs could be lost in the town, in addition to those made redundant at ferry companies and in the port, if a fixed link succeeds in attracting 50 to 70 per cent of the ferry trade. The loss of value to businesses will be at least £75m the chamber says.

There is still talk of brave resistance. An appeal to the European Court over the British Government's failure to hold a public inquiry is one consideration. However, the more pessimistic (or realistic) are already talking of damage limitation, and how best to negotiate the peace after the war is lost.

Positive avenues being explored by councillors and local businessmen include a possible appeal to the Government to make Dover a freeport or give it enterprise zone status. Requests for compensation will be made. Local businessmen point enviously at the grants and state aid available on the other side of the Channel to encourage economic growth in areas likely to be affected by a fixed link.

David Mitchell: not a fait accompli

They fear that new businesses and development wanting to set up near to what will be the single most important trade route between Britain and the Continent will bypass Dover.

The pressure for new development is likely to be strong in Kent. Construction of the M25 orbital motorway around London, to be completed shortly, has already opened up this part of south-east England to the national motorway network.

Five of Britain's biggest construction companies, Balfour Beatty, Costain, Tarmac, Taylor Woodrow and Wimpey, recently established a joint property company to take advantage of development opportunities arising from the construction of a fixed link.

The five are also members of Channel Tunnel Group, which is proposing to build a twin bore, rail tunnel under the Channel.

Councillors in Ashford in mid-Kent are supporting the rail plans. The town's station

Strong resistance to plans in rural areas

will be redeveloped and expanded as a major interchange for passengers travelling to France if the scheme goes ahead. There are also proposals to build a heavy goods lorry terminal on the outskirts of the town.

The Medway towns of Rochester, Chatham and Gillingham in north Kent may also benefit. They are not directly on the main route to the south-east coast where the link will be built. However, they are industrial areas with high unemployment which will be keen to encourage job opportunities, particularly since the closure of Chatham dockyard.

However, support for the fixed link in Kent tends to be muted. Kent county councillors are supporting the rail tunnel, but almost more because they feel the project will go ahead no matter what they say, and therefore they should pick the scheme least likely to damage local economies and environments.

There is strong resistance to the plans in rural areas, particularly in the small villages close to where the mouth of the link is planned. The Kent Association of Parish Councils has complained that Government officials have not been given enough time to assess the schemes and that decisions are being rushed.

Residents like Mrs Barbara Pile are bitter that there will be no public inquiry. She says she is in danger of losing her home in Farthingloe, between Dover and Folkestone, if EuroRoute's road and rail scheme goes ahead.

However, Mr Howard Richardson, who farms 135 acres at Little Farthingloe Farm, supports the idea of a privately financed fixed link even though he could lose some of his best land if EuroRoute's plans were chosen.

Most in rural Kent do not want the kind of investment that is likely to follow the construction of a fixed link. They fear the development and the expansion of the economy, that would be so gratefully welcomed in other more depressed regions of Britain like Merseyside.

The majority, however, does not believe it matters whether they want a fixed link or not. Like the Dover fishermen, they believe the decision has already been made, and that all that is left to be decided is which scheme they will get.

AT

Liaison dangereuse raises mixed feelings in Pas de Calais and its hinterland

THE BURGHERS of Calais are keeping their fingers crossed. They hope that even if Mr Mitterrand and Mrs Thatcher succeed next month in choosing one of the schemes for physically joining England and France, the latest plan to bridge the Channel will collapse like the 26 other attempts of the past 200 years.

In their eyes it is a liaison dangereuse that would wreck the port and throw 5,000 more out of work where the unemployment rate is nearly 20 per cent.

Mr Henri Ravisse, president of the local chamber of commerce said: "Everyone in Calais is opposed, except the Socialists—only because they are under orders."

Boulogne, a traditional fishing and ferry port, agrees with Calais. Old rivalries, however, make them uneasy allies. The Mayor of Calais is a Communist, wholeheartedly against the fixed link; that of Boulogne is a Socialist—and a minister in the national government. The two chambers of commerce are barely on speaking terms.

Dunkirk, an industrial port, with a right-wing mayor, is not much of an ally either. It hopes to expand deep-sea cargo-handling. Regional planners may create a duty-free zone for warehousing and manufacturing.

What the three Channel ports have in common is a sense of aggrieved isolation, not only from Paris but from the industrial hinterland of north France. "We have been ignored since 1558 when we were returned to France," said Mr Ravisse.

In the hinterland, a Socialist stronghold of decaying coalmines and steel-mills and a struggling textile industry, they are praying the project proceeds.

Mr Pierre Mauroy, Mayor of Lille and Mitterrand's first Prime Minister, employs the language of the visionary on le lien fixe.

"I am a convinced European: I have struggled for Europe; and I think this fixed link is not just an economic opportunity, it's an international link, one of the greatest projects of history."

Mr Mauroy's vision is of the Nord-Pas de Calais region as an economic hub of Europe, the spokes of which radiate to Paris, Brussels, Cologne and across the Channel to London.

Lille retains an air of prosperity, helped by a recent influx of service industries. However, the surrounding landscape of weed-ridden slag-heaps, cold chimneys and silent pitheads explains why the Socialists are talking of visions.

"We have embarked on a kind of race to create employment," said Mr Daniel Percheron, a senator from nearby Lens, a town that appears to be living on state benefits and 15 per cent of the workers of which are unemployed.

Politicians and planners say a link would reinforce the region's claims to benefits promised by the Socialist Government.

It would mean coastal motorway from Normandy to Belgium, completion of the Paris-Calais motorway that stops short at Nordausques, 10 miles from the port, and new access roads from the sea. It would ensure further electrification of the railways.

A big prize would be extension of the train de grande vitesse, not only to Belgium and Germany but possibly to London.

Better communications would attract traffic and boost a two-way regional trade with Britain that already totals nearly FFr 13bn (£1.1bn) annually. This, however, will not aid the region much if traffic whistles through non-stop.

If Nord-Pas de Calais is to obtain the coup de fuet, or whiplash stimulus, it needs, said Mr Noel Josephe, president of the regional planning authority, it needs to be imaginative.

For that reason local opinion is divided on which scheme would be best. EuroRoute's bridge-tunnel would be not only spectacular but probably encourage casual traffic and tourism.

However, if mid-Channel islands were packed with duty-free shops, with cinemas and amusement arcades, money would be spent before passengers arrived.

The rail tunnel, carrying freight and shuttling cars on flathed trucks, seems more popular. Politicians say it would do less damage to coastal employment, planners that its cheapness would ensure a link is built.

Whichever scheme is chosen, long-term employment benefits are hard to assess. Immediate benefits in terms of construction work for local enterprises are likely to be uppermost in politicians' minds as National Assembly elections in March approach.

CT

Pierre Mauroy:

Light van sales rise 20.7%

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

LIGHT VAN sales, boosted by new products from Austin Rover and Bedford, helped prevent a slump in total UK commercial vehicle registrations last month.

Austin Rover, the BL subsidiary, is now feeling the impact of the new Maestro van in November achieved sales of 1,873 light vans, up from 1,527 in the same month last year.

However this could not prevent Bedford, General Motors' UK subsidiary, which is benefitting from the recently-introduced Astra and Astramax vans, from moving ahead in the light van sector.

Bedford's November light van sales were more than doubled from 885 to 1,921.

Compared with last November light van sales improved 20.67 per cent to 8,051 while overall commercial vehicle registrations slipped by 0.5 per cent to 22,612.

However, most commercial vehicle sectors, apart from buses and coaches, have shown an improvement in the first 11 months and, according to Society of Motor Manufacturer and Traders statistics, total registrations were 5.9 per cent ahead at 270,546 compared with the same period of 1984.

Sales of trucks and articulated lorries over 3.5 tonnes gross weight over the 11 months were up by 5.48 per cent to 52,658, those of medium vans by 3.2 per cent to 113,641; and those of light vans by 11.07 per cent to 88,997.

At the same time, registrations of light four-wheel-drive vehicles were up from 12,064 to 12,834 but those for buses and coaches fell from 3,229 to 2,416.

The importers' share of November total commercial vehicle sales increased from 37.85 per cent last year to 38.2 per cent and for the 11 months it edged ahead from 36.2 per cent to 36.92 per cent.

Training group accepts 1,000th entrant

BY JAMES McDONALD

THE SOUTHWARK Employers Training Group yesterday celebrated accepting its 1,000th Youth Training Scheme trainee at a meeting of 100 employers in London.

Mr Patrick Coldstream, chairman, said the group's name would be changed to South East Training to reflect the broadening scope of its activity.

He said the group's work was focused on an inner city catchment area and encouraged all-comers to join the scheme "without selection criteria or aptitude test."

With the aid of more than 500 companies in central and south London which had provided training places the group's job and further education placement rate was 70 per cent.

Mr Coldstream said: "We have two tasks. The first is to help employers to prepare a flexible and adaptable work-force for all levels of their operation — the second is to encourage as many youngsters as possible to move confidently into the mainstream of economic activity."

APPOINTMENTS

Top post at Habitat/Mothercare

Mr Kevyn P. Jones has been appointed managing director of the HABITAT/MOTHERCARE GROUP. He joined the board as group operations director in September last year.

★

CITIBANK has appointed Mr Christopher J. Ballentyne, vice president, as division head for the UK financial institutions group's retail services division. The division's primary focus is Citibank's services to building societies, life insurance companies, unit trusts and the retail savings industry in general.

★

Mr Tim Binnington is leaving the Edward Erdman partnership by mutual agreement in January to become chief executive of HERON PROPERTY CORPORATION, with Mr Tony Royle becoming full-time executive chairman. Mr Binnington will also join the board of Heron Corporation.

★

Mr Ray Barratt has been appointed an executive director of MADAME TUSSAUD'S.

★

Mr Shiro Uramatsu, president of Sanyo Securities Co., Tokyo, has been appointed non resident director of SANYO INTERNATIONAL, London. Mr Yoshikazu, Mr Shimahata and Mr Peter H. Hill have been appointed directors of Sanyo International (Stockbrokers).

★

COMMON BROTHERS has appointed Mr Simon P. Hume-Kendall as managing director and chief operating officer with responsibility for the day to day operation of the group.

★

ELBAR INDUSTRIAL has appointed Mr Martin J. Calhoun finance director. Mr Calhoun joined as group financial controller on September 1.

★

INDUSTRIAL AND TRADE FAIRS has appointed Mr Ian J. D. Robinson as managing director. Mr Patrick G. Robinson is appointed deputy managing director of ITF and of the group's overseas division, Industrial and Trade Fairs International. Both are from January 1.

★

Mr Paul J. Harbard has been appointed financial controller of ANGLIA SECURE HOMES. He joins from the Colchester office of Pannell Kerr Forster where he was a partner, and will be joining the main board of Anglia Secure Homes as financial director early in the New Year.

★

Mr Anthony Collinson has been appointed managing director of SCOTFRESH. He was managing director of Irish Leathers.

★

The engineering services division of SIR WILLIAM HALCROW & PARTNERS has been reorganised under one director, Mr I. C. Price. In addition to the electrical and mechanical services teams it now includes the energy studies unit and structural design.

★

KMG THOMSON McLINTOCK has appointed Mr Peter L. Hogarth to the newly-created position of national director of business services. He has been a partner in the London office since 1981.

★

Mr Tony Burgess has been appointed branch director of BARCLAYS BANK'S Pall Mall branch. He succeeds Mr Jack Carley who has retired.

★

SRI INTERNATIONAL has made the following changes: Dr Ian Napier has been promoted to director of management consulting; Mr John Kenney, formerly director of the industrial management and logistics department, becomes director of the systems consulting centre; Mr Peter Weissbahn, previously director of the mechanical and electrical industries programme, has been appointed director of the industry consulting centre.

★

Mr David Wickins and Mr Hugh Holland have been appointed non-executive directors of FIVE OAKS INVESTMENTS. Mr Wickins has also been appointed non-executive chairman. Mr Andrew Rodger, the previous chairman, remains on the board as deputy chairman. Mr Wickins and Mr Holland represent the British Car Auction Group which owns 29.9 per cent of Five Oaks Investments.

★

Mr Ian Butler, chairman of Cookson Group, has been appointed a director of BARCLAYS BANK.

UK NEWS—LABOUR

BASE LENDING RATES

ABN Bank	11½%	■ Guinness Mahon	11½%
Allied Dunbar & Co	11½%	■ Hambros Bank	11½%
Allied Irish Bank	11½%	Heritable & Gen. Trust	11½%
American Express Bk.	11½%	■ Hill Samuel	§11½%
Amro Bank	11½%	C. Hoare & Co.	11½%
Henry Ansbacher	11½%	Hongkong & Shanghai	11½%
Associates Cap. Corp.	12%	Johnson Matthey Bkrs.	11½%
Banco de Bilbao	11½%	Knowsley & Co. Ltd.	12%
Bank Hapoalim	11½%	Lloyds Bank	11½%
Bank Leumi (UK)	11½%	Edward Manson & Co.	12½%
BCCI	11½%	Meghraj & Sons Ltd.	11½%
Bank of Ireland	11½%	Midland Bank	11½%
Bank of Cyprus	11½%	■ Morgan Grenfell	11½%
Bank of India	11½%	Mount Credit Corp. Ltd.	11½%
Bank of Scotland	11½%	National Bk. of Kuwait	11½%
Banque Belge Ltd.	11½%	National Giro Bank	11½%
Barclays Bank	11½%	National Westminster	11½%
Beneficial Trust Ltd.	12½%	Northern Bank Ltd.	11½%
Brit. Bank of Mid East	11½%	Norwich Gen. Trust	11½%
■ Brown Shipley	11½%	People's Trust	12½%
CL Bank Nederland	11½%	PK Finans. Intl. (UK)	12%
Canada Permanent	11½%	Provincial Trust Ltd.	12½%
Cayzer Ltd.	11½%	R. Raphael & Sons	11½%
Cedar Holdings	12%	Roxburghe Guarantee	12%
■ Charterhouse Japhet	11½%	Royal Bank of Scotland	11½%
Citibank NA	11½%	Royal Trust Co. Canada	11½%
Citibank Savings	*12½%	Standard Chartered	‖11½%
City Merchants Bank	11½%	TCB	11½%
Clydesdale Bank	11½%	Trustee Savings Bank	11½%
C. E. Coates & Co. Ltd.	12%	United Bank of Kuwait	11½%
Comm. Bk. N. East	11½%	United Mizrahi Bank	11½%
Consolidated Credits	11½%	Westpac Banking Corp.	11½%
Continental Trust Ltd.	11½%	Whiteaway Laidlaw	12%
Co-operative Bank		Yorkshire Bank	11½%
The Cyprus Popular Bk.	11½%		
Duncan Lawrie	11½%		
E. T. Trust	12%		
Exeter Trust Ltd.	12%		
Financial & Gen. Sec.	11½%		
First Nat. Fin. Corp.	12½%		
First Nat. Sec. Ltd.	12½%		
■ Robert Fleming & Co.	11½%		
Robert Fraser & Ptrs.	12½%		
Grindlays Bank	11½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.00% 1-month 8.50%. Top Tier—£2,500+ at 3 months notice 11.25%. At call when £10,000+ remains deposited.
† Call deposits £1,000 and over 8.00% gross.
‡ 21-day deposits over £1,000 9.25%.
§ Mortgage base rate.
¶ Demand dep 8%. Mortgage 13%.

Coal board seeks to bring UDM into consultations

BY JOHN LLOYD, INDUSTRIAL EDITOR

THE National Coal Board has lost no time in seeking formal status for the Union of Democratic Mineworkers, which achieved its official registration yesterday.

It has written to all three existing mining unions to propose consultations on setting up new machinery for consultation and conciliation in the industry. It said that the ballots in October in Nottinghamshire, South Derbyshire and the north east "indicated a new preference among employees in the industry for representation," and that the board had a responsibility to recognise them.

Consultation machinery at pit, area and national level will now have to be replaced, the board said.

Mr Roy Lynk, now both UDM secretary and secretary of its Nottinghamshire section, said last night that "thousands" of mineworkers in other areas had already indicated they wished to join the new union. Mr Neil Greatrex, the Nottinghamshire section's pensions officer, said they would begin campaigning in other areas within a few days.

Leaders of the South Wales area of the National Union of Mineworkers and of the Transport and General Workers' Union have had hurried meetings to discuss the threat of organisation of open cast workers by the UDM. Open cast mines are presently organised by the TGWU.

The South Wales NUM is also concerned that the NUM may try to gain members in the 100 private mines licensed to small operators in the area.

However, the area said that it had discovered no evidence of UDM membership among its members — who were the most solid of NUM members during the strike — in spite of an earlier claim by Mr Greatrex that at least 100 men had joined the UDM in the area. Mr Greatrex also already claims 300 members in the Point of Ayr Colliery in North Wales.

The issuing of the formal notice of registration of the UDM was delayed a few hours yesterday as the Certification Officer examined a complaint submitted by Mr Kevin Richards, the secretary of the NUM members in South Derbyshire, who complained under Section 4 of the 1964 Trade Union Amalgamation Act about the conduct of the ballot in South Derbyshire. Mr Matthew Wake, the Certification Officer, rejected the complaint — which Mr Lynk later termed "a spoiling tactic."

Appeal court overturns ruling on London borough dismissals

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A LEGAL judgment which would have added substantially to the cost of privatising some council services in London boroughs has been overturned by the Court of Appeal.

The court held yesterday that four gardeners dismissed by Wandsworth Borough Council when it privatised its gardening maintenance service last year were not entitled to long-term redundancy compensation.

Lord Justice Watkins said the four had lost their jobs because of the council's need to economise to meet government spending targets. Their dismissals were unconnected with their transfer, along with 6,670 other Greater London Council housing department staff, to the boroughs.

Accordingly, the judge ruled, their case was not covered by the GLC Housing (Compensation) Regulations, 1980.

The regulations, known as the Crombie Code, provided that transferred GLC staff should have special pay and redundancy terms. If they suffered redundancy "attributable" to their change of employer within 10 years of the change, they would qualify for two-thirds pay while they remained unemployed.

The appeal court overturned a High Court decision in favour of the four gardeners and reinstated an industrial tribunal's ruling that Wandsworth did not have to pay them the Crombie terms.

The four were refused leave to appeal to the House of Lords, but Mr Ian Scott, regional officer of the National Union of Public Employees, which is backing their fight, said afterwards that leave to challenge the ruling would almost certainly be sought from the Law Lords themselves.

Lord Justice Watkins said Wandsworth Council appealed on the ground that the High Court had erred in law in holding that the gardeners' job loss was wholly or partly attributable to the transfer of staff rather than to the council's policy change as a result of the need to cut spending. The compensation claims were worth, in one or two instances, about £40,000.

The vital question, the judge said, was whether there was a causal link between the job losses and the transfers.

If the gardeners had lost their jobs immediately after their transfer to Wandsworth in 1980, it would have been hard to deny that the loss had been due to the transfer.

But the facts amply demonstrated that the job loss had come very much later and in utterly different circumstances.

Lord Justice Croom Johnson and Lord Justice Ralph Gibson agreed that Wandsworth's appeal should be allowed with costs.

Cohse joins move to buy indemnity insurance

By David Brindle, Labour Staff

UNIONS representing health and social services workers are buying professional indemnity insurance for their members because, they say, of a growing risk of damages claims for negligence.

The unions predict a steep rise in the number of such claims, following the trend in the US, and fear that local health authorities and councils will increasingly expect staff to share liability.

The Confederation of Health Service Employees, the biggest TUC-affiliated health workers' union, has just brought in an indemnity scheme for all its 213,000 members. The insurance gives cover to a maximum of £500,000 a head and meets all legal costs.

The Royal College of Nursing has for some time offered cover to a maximum of £250,000 and has found its scheme a highly effective recruitment weapon—despite the knock-on effect on subscription rates.

Leaders of the National and Local Government Officers' Association have come out in favour of buying cover for nurse members and the union is "actively considering" doing so for other groups. The National Union of Public Employees remains unconvinced, but will be unlikely to resist following suit if and when Nalgo goes ahead.

Mr Hector MacKenzie, Cohse's assistant general secretary, said the indemnity scheme was of most immediate benefit to the union's members in the private sector, but was increasingly necessary in the National Health Service too.

"Local health authorities are getting more and more strapped for cash and are much more likely to "join" a nurse in any action. Rather than wait for that to happen, we thought we would act first."

According to the Health Department, only doctors and dentists are required to have indemnity cover and health authorities "usually" take responsibility for other staff acting under orders. However, the department admitted it was possible for an individual to be cited.

Mirror Group job talks expected

BY HELEN HAGUE, LABOUR STAFF

NATIONAL level negotiations on job cuts at Mirror Group Newspapers are expected to start tomorow between Sogat '82 and Mr Robert Maxwell, the group's publisher.

A tight timetable for negotiations was agreed after Sogat members began a strike to get dismissal notices lifted. The deadline for branch and chapel level negotiations with the union over job and cost cutting expires tonight.

National officials will have until Tuesday night to negotiate a deal. After that, both Mr Maxwell and the union have reserved their right to review the situation. The publisher could reactivate the dismissal notices, and the union again consider industrial action in the light of its earlier overwhelming mandate.

Mr Maxwell wants to shed a third of MGN's 6,000-strong workforce, and has tabled new model house agreements to all production unions, as a key part of current negotiations.

Under Mr Maxwell's plans production workers will be employed by the British Newspaper Printing Corporation and journalists by Mirror Group Newspapers 1986.

At the heart of the new model agreements is the principle of flexible and continuous working, and the eradication of so-called Spanish customs (restrictive working practices).

Although MGN's job-shedding plans apply to all unions, the Sogat strike and the negotiations timetable which followed it have focused attention on the general print union.

● Moves to re-open discussions between Mr Maxwell and the International Thomson Organisation for the purchase of the latter's Withy Grove printing plant in Manchester have emerged this week.

An earlier attempt by Mr Maxwell to buy the plant—which prints Northern editions of MGN's titles under contract—foundered amid mutual acrimony.

The plant, which also prints Northern runs of The Daily Telegraph and the News of the World, is scheduled to close at the end of the year.

Footwear union in pay deal

By Our Labour Staff

A TWO-YEAR pay deal has been agreed between the shoeworkers' union, NUFLAT, and the British Footwear Manufacturers' Association. It will affect around 48,500 people who work directly in the industry.

The deal will give a 5 per cent increase on all rates from March next year. The second phase guarantees two further increases, each with a "floor" of 2 per cent at six-month intervals from March 1987.

A cost of living element has been built into the second year of the deal—and the two rises will be boosted if the cost of living increases.

Two-year pay deals are now the norm in the footwear industry. The latest also boosts rates for the first four hours of overtime from time and a quarter to time and a third.

The union's claim for a 39-hour week was not met, but an extra day's holiday has been negotiated.

More delays hit Liverpool paper

PUBLICATION of the Liverpool Evening Echo was seriously delayed for the fifth successive day yesterday. The company is arranging separate talks with the print unions NGA and Sogat and the National Union of Journalists over the introduction of new technology timed for February.

The management is seeking up to 85 redundancies, mainly in the composing room, the centre of production delays.

Pie factory strike close to collapse

A PAY strike by 1,700 workers at Pork Farms Pie Factories in Nottingham looked close to collapse yesterday.

Workers walked out earlier this week after rejecting a 7.1 per cent pay offer but since then hundreds have returned. After a mass meeting yesterday, hundreds more announced that they are to return on Monday despite union pleas to stay out.

The management said full production would resume after the weekend.

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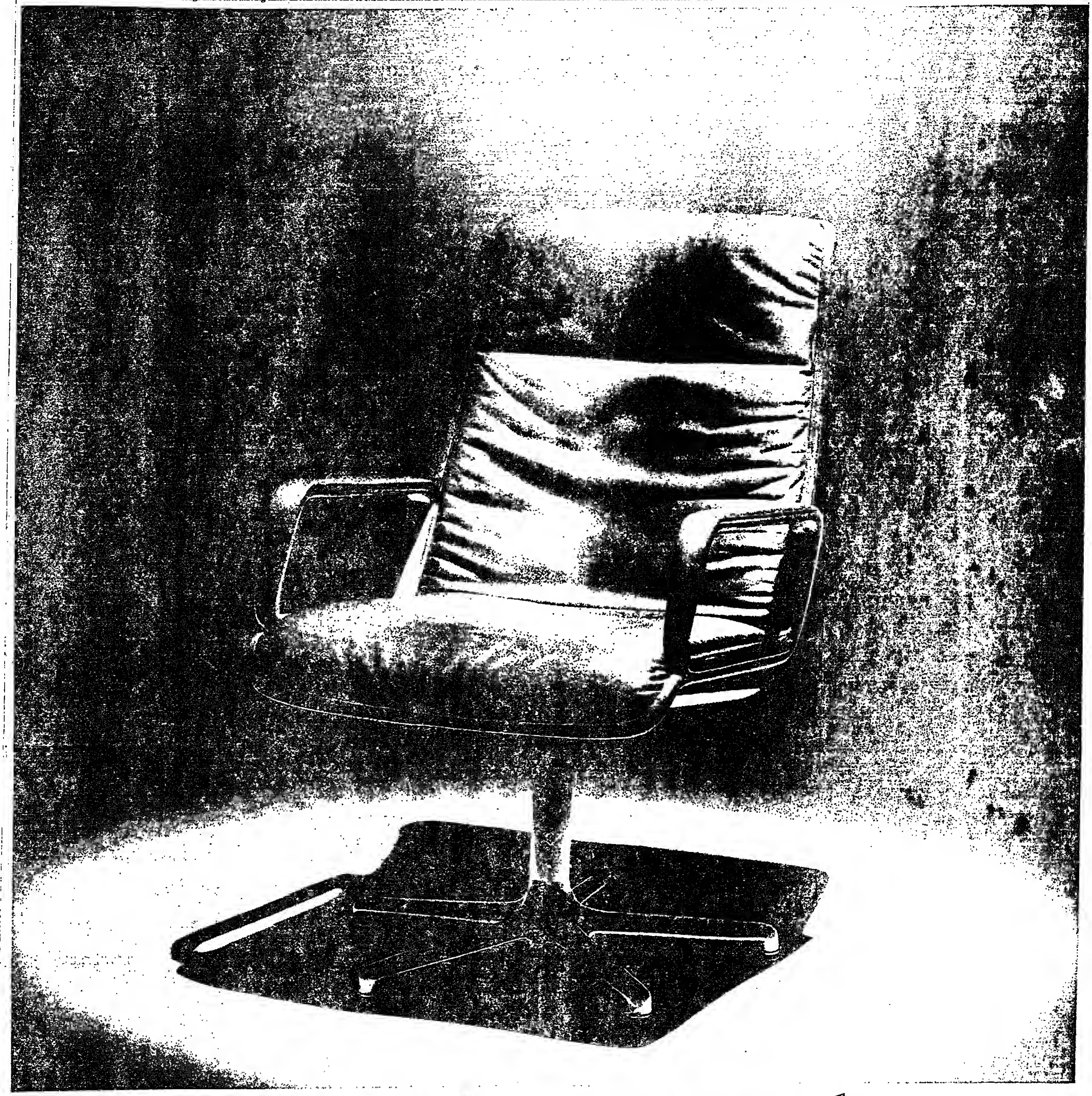

'Sir Derrick, you passed on 8 questions on your specialist subject.'

Sir Derrick Holden-Brown recently had the opportunity to answer questions on Allied-Lyons in his booklet to shareholders. He passed over the following:–

1. If Allied-Lyons' yardstick of success is earnings per share why is Allied's 1984/5 figure 20 per cent lower than that of 1978/9 in real terms?
2. Your board has reduced Allied-Lyons' UK workforce by 12 per cent over three years and continues to announce further redundancies. Who, therefore, represents a greater threat to the employees' future?
3. How can Allied-Lyons be said to be 'a major money earner for Britain' if UK exports account for only 3 per cent of total sales?
4. Why have the following major Allied-Lyons products lost market share in the period 1983-1985? Teachers,* Harveys Bristol Cream, Skol, Double Diamond, Lyons Maid Ice Cream, Tetley/Quick Brew Tea Bags?
5. Where is the synergy in a Group whose divisions barely trade with each other?
6. If Allied-Lyons wants to stop its declining beer sales why is its advertising spend on lager less than half that of Bass or Watney?**
7. With such well known brands as Teachers, Harveys, Lambs and Britvic, why has Allied-Lyons' wines, spirits and soft drinks trading profit been flat in recent years?
8. If Allied-Lyons' directors believe their shares will sustain their re-rating, why have they (apart from the exercise of options) in the last year failed to buy a single share and sold nearly 200,000, most of them at less than 176p?

It doesn't take a mastermind to see that the answers to these questions are fundamental to understanding Allied-Lyons' failure to perform.

Elders IXL

LOOK AT BOTH SIDES. THEN DECIDE.

Sources: Offer Document, Report & Accounts, and Datastream. *Period 1981-84 being latest information available. **As measured by Media Expenditure Analysis Limited for the year to 30th June, 1985.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
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Telephone: 01-248 8000

Saturday December 7 1985

Dealing with the mismatch

"IT IS not a simple story of economic decline and physical decay in the inner city," said the already famous Church of England report, Faith in the City, this week. "It is more a complex story of mismatch between people, skills, housing and jobs which planning failed to overcome and the economic recessions of the later 1970s exposed and exacerbated."

The intemperate, and unfortunately characteristic, reaction of some Ministers and Conservative Party officials to the report—attacking it before they had even read it—should not obscure the fact that it is precisely that problem with which Mrs Thatcher's administration at its best is trying to deal.

"Mismatch" indeed is an appropriate term for the general economic and social situation in the country: the gap between the relative prosperity and security of those in work and the near hopelessness of the long-term unemployed; the gap between north and south and, to the discerning eye, the gaps within the north—between Tyne Bridge, for example, where a by-election was held on Thursday, and the obvious affluence of much of Newcastle upon Tyne. Similar gaps can be seen in the south-east by anyone who looks.

It may be chancing it a bit to suggest that much progress is being made, but here are two pointers. The unemployment figures for November indicate that the number out of work may have at least stabilised, and there are signs that all parties, despite their rhetoric, have come to recognise the complexity of the problems.

Plateau

The Government has burned its figures before by saying that unemployment is on the turn, only to find it rising again. Yet it does seem to have been on a plateau for the last three months and the number of vacancies has been rising slightly over a much longer period. Of course, the figures are far too high and the mismatch between 9.7 per cent out of work in the south east and 17.9 per cent in the north is appalling. But it is notable that the Government has responded to pressures by introducing special employment and training measures.

The battle between the political parties has become less ideologically fierce than it looks. Mr Neil Kinnock, the leader of the Labour Party, has taken on the Militants in Liverpool just as he had earlier rounded on Mr Arthur Scargill, the mineworkers' leader. (The miners again showed a new sense of realism this week when they agreed to the principle of productivity deals.)

Mr Kinnock and his party, in fact, seem to be on some sort of plateau, as though the electorate accepts the attempt at reform on approval, but is not yet wholly convinced of its efficacy. Labour's performance at Tyne Bridge was adequate, but not much more. It won 58 per cent of the vote—little more than one percentage point more than in the general election—but on a turn-out of only 38 per cent and on an old electoral register. There is room for improvement, but the decline has been halted.

The new moderation, even modernism, in the Labour Party, however, still has obstacles to overcome. The Tyne Bridge result showed that the SDP-Liberal Alliance takes votes from Labour in the north just as it takes votes from the Tories in the south. Mrs Thatcher goes on governing because the opposition parties are divided. If the Tories were to win the next general election, the third in a row, Labour, Liberals and Social Democrats would surely have to begin talking to each other. The consolation is that the mainstream of all the parties seem to discover some common ground.

It is the same with the Tories and the Church. Some Conservatives may snipe at the bishops, but there really is no great difference between them in identifying common problems: for example, the dereliction of the inner cities. Where the Government sometimes fails is in not emphasising enough what is being done. Perhaps it could pinpoint particular areas for special attention rather as Mr Michael Heseltine suggested when he was Environment Secretary after the Merseyside riots in 1981. Somehow this better side to the Government is kept under a bushel.

The Public Order Bill published yesterday could be another illustration. Few would deny that the law needs to be codified—for the first time since 1936—and that there are new offences, such as football hooliganism, which need to be covered. Yet the proof will lie very much in the way the new code is carried out. It could add to the freedom of the individual, but it could also be authoritarian if it is interpreted by the letter and not the spirit. It is never easy to be clear with the present Government which side is on top.

Mrs Thatcher, for her part, seems lately to have developed a new maturity, much of it confined to foreign affairs. She has reached the agreement with Dr Garret FitzGerald on Ireland and appears to have a more subtle understanding of it than her Northern Ireland Secretary, Mr Tom King. She went to Luxembourg this week and accepted some measures that she did not like because compromise—give and take—is in the spirit of a community. Such maturity would be welcome in the Government at home, because no one is pretending that the mismatch is over.

UK financial services

Why the building societies will never be the same again

Clive Wolman reports on the likely implications of a new Government Bill

THE PASSAGE through Parliament of legislation allowing building societies to become more like banks is likely to be dominated by issues which almost everyone has overlooked during the past four years of preparation.

Only in recent weeks have two fundamental questions come to the fore: do investors have the right to pocket the building societies' £5bn of reserves, if they convert to companies or are taken over; and can they sack their managers by approving a takeover bid?

The traditional role of building society managers as the benign dispensers of home loans to the worthy borrowers of their communities is threatened in this area more than any other. The managers and directors of many smaller societies doubt their ability to survive if their societies are subject to takeover bids by aggressive profit-oriented retail banks like New York's Citicorp.

Until now, building society managers and directors have had few difficulties accounting to their members. Their general meetings have attracted little attention or participation.

But the legislation, which was published yesterday, will change matters by granting two additional freedoms: for a society to become a stock market-listed company and for a hostile takeover bid to be launched by one society for another. The continuing court battle over the ownership of the Trustee Savings Bank has highlighted the difficulties of allowing such freedoms.

According to Labour Members of Parliament Mr Ken Weetch, who follows the building societies closely: "There has been more lobbying on this issue than on anything else, from both large and small societies."

The Bill comes against a background of intensifying competition for the individual saver, investor and borrower. The Government-imposed demarcation lines between building societies and other financial institutions, particularly the banks, have withered away over the last 15 years. And since 1982, the upheavals in the City and the international debt crisis have persuaded many banks and stockbrokers to seek a safer haven in retail financial services.

For anyone seeking an effective distribution network to reach a wider public, the building societies, with their 26 million customers and 7,000 branches, are a key attraction. Large banks such as Citicorp and Standard Chartered have said publicly they are interested in buying one or more societies, with Royal Bank of Scotland also interested, given the right conditions.

"Until recently we did not anticipate the effect of the 'Big Bang' in the City," says Mr Mark Boleat, deputy secretary-general of the Building Societies Association (BSA). "It is clear that there are many predators around who want to get their hands on building societies and their branches."

The result is that the City has sudenly taken an interest in building societies. Building society leaders have found themselves in demand as guest speakers at financial service conferences; stockbrokers have issued circulars comparing the financial performance of banks and building societies; merchant banks which have traditionally handled the societies' money market operations, and transatlantic securities houses with experience of converting US mutual savings associations into companies, have been visiting the largest societies to discuss stock market flotations.

Abbey National building society has shown the most interest so far in this option. Abbey's chief executive Mr Peter Birch, who represents the type of corporate manager more attuned to running a commercial retail bank, with a salary linked to profits performance, has been outspoken in his criticism of other societies' traditional practices and attitudes.

But he is a rarity. Most building society managers have worked their way up through the ranks or moved to their society from a professional career at an early stage. Mr Birch was head-hunted to replace Mr Clive Thornton nearly two years ago from Gillette UK, the razors and toiletries company where he was managing director.

'It is clear that there are many predators around'

He objects to the strictness of the limits—a maximum of 5 per cent of a society's total lending—the new legislation will place on those who wish to develop new, riskier activities such as unsecured lending. "How can we compete effectively with the banks with our hands tied behind our backs?" he asks.

Even a society like Abbey, with assets of nearly £20bn, will only be able to devote about £800m to the new, riskier class of activities. Abbey will probably commit some assets to insurance broking, estate agency and other housing services and allocate some of its unsecured lending quota to allow investors to go into overdraft. Only £600m may thus be available for the two new areas which absorb most assets: a consumer loan portfolio and lending to house-buyers in other European Community countries.

The banks say that unsecured lending at interest rates of 23 to 28 per cent is more profitable than almost any other of their activities. But a society which advertises the service to outsiders and credit-scores them in a cost-effective way, will need a large loan portfolio. Even the £300m or so likely to be available to the Abbey may be too small.

As a stock market company with reserves of £700m and after-tax earnings last year of £130m, the Abbey would be valued at between £1.2bn and £1.5bn. And if it was allowed to raise, and keep, as much money as possible on its stock market flotation, following the TSB example, its stock market value could be as high as £2bn. This would allow it to more than double its funds and loan portfolio.

But as well as inflating a society with funds it may not need, such an approach would deprive its investors of a share of its assets. Like the TSB's depositors, the most they could hope for would be priority in the allocation of shares and a small profit when stock market dealings started.

The consultative paper issued yesterday proposes an alternative: to entrench the principle that a building society is owned by its investors. If, for example, each of Abbey's 8m investors were allocated one share, and no extra money raised, each would make a windfall profit of about £90.

But this would mean giving an investor who put in £10 for a few days before the flotation an equal stake with one keeping £5,000 in the society *for 20* years. It would also encourage speculators to switch their money between societies creating liquidity problems for them.

Another option would be to fix an early cut-off date—the consultative paper suggests two years—or a high minimum amount for investors to qualify for shares. But the more restrictive the conditions, the greater the potential profits for those who remain entitled.

Giving investors the right to such windfall profits would also make them susceptible to "bribes" from a bank eyeing a society's branch network. They would be offered a lion's share of the reserves if they converted their society to a company and issued its shares to the bidder.

A similar argument will apply if one society makes a take-over bid for a rival. The Government said last month that one society should be allowed to take over another, even if its managers resist, by appealing directly to its members. The new legislation will give it access to the target society's membership list for that purpose.

This provision is designed to deter building society managers from demanding excessively generous pay-offs for agreeing to a merger. The outcome of nearly all recent merger proposals has depended not on the members' acquiesence, which is taken for granted, but on whether the two managements can ensure that they all benefit.

In his 1983-84 report, the Chief Registrar criticised the merger proposals of many societies for their excessive concern with "what might be regarded as the division of the spoils, *that is allocation of* board seats and senior management posts, compensation payments and bonuses to members."

The proposed mega-merger of the Nationwide and Woolwich Equitable building societies floundered last month despite agreement on the allocation of senior posts. The cause was largely the fears of the middle management of the Woolwich that they were being subjected to a take-over by the bigger society.

The benefit of size in the move into new services

Some believe the legislation has not gone far enough. In particular, it does not allow companies access to a society's members to make a hostile bid. According to Mr Geoff Gray, of stockbrokers Phillips and Drew: "Building society managers are prima donnas. Why erect a ring fence around them. There is no commercial logic in the Government's proposals."

By contrast, the BSA has opposed any move which would encourage hostile take-overs.

According to Mr Boleat: "An efficiently-run society which has built up its reserves, perhaps because it plans to move into new activities, would be most vulnerable to a predator. Money will always tempt people to vote for a takeover. This is the exact opposite of the commercial world where the most vulnerable company is one that makes bad use of its assets."

Mr Boleat says there are two safeguards at present against incompetent management: the intervention of the Registrar and the freedom of investors to withdraw their money.

Borrowers, however, find it more difficult to switch their mortgages if they are being overcharged. And incompetent managers may be still left sitting on their reserves.

Building society executives say it is wrong to assume there is no alternative to the corporate form of ownership. Mutuality has allowed the societies to grow faster than almost every other financial institution over the last 40 years.

Their growth, however, has depended on providing a product, mortgages, to a market that was rapidly expanding and highly protected. Since the break-up of the interest rate cartel and the entry of UK and foreign banks, it is neither. As Mr Weetch says, "mutuality worked much better in the 19th century when societies were small. The problem now is to find ways in which members can exert more control over the giants of today."

The economic case for takeovers and mergers applies largely to the smaller building societies whose ratio of management expenses to assets is high (see chart). In fact, the takeover of small societies by larger ones has continued steadily for decades. Between the top 16 or so societies, however, there is little correlation between managment expense ratios and size.

Mr Tim Melville-Ross, Nationwide's chief general manager, analysed the outcome of the recent large mergers in preparation for the Nationwide-Woolwich merger. He found that in the first two years after mergers, management expense ratios deteriorated. "After that most got back to par, although some stayed worse," he said. "This was perhaps the result of a less than robust approach of the managers."

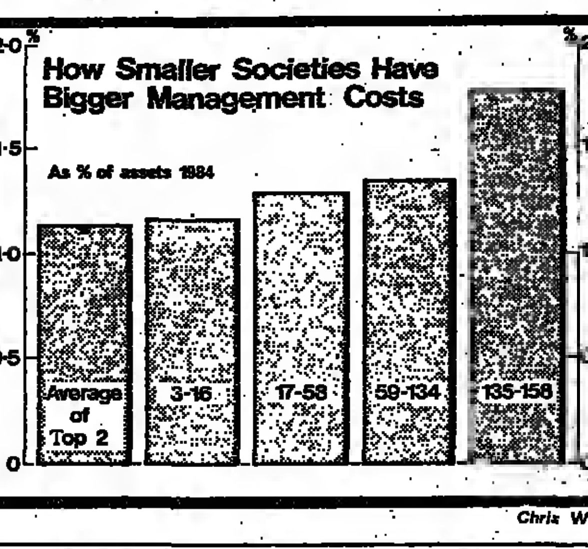
A former oil analyst who joined Nationwide 11 years ago, Mr Melville-Ross believes, however, that a merger with the Woolwich would have yielded some savings. Staff and branches could have been cut and computer resources pooled. The ability of societies to tap the Euromarkets for funds at fine margins since October has also given a further cost advantage to the largest. But possibly the most important benefit of size, he says, is the management capacity to move into the new services opened up by legislation.

"The bigger you are, the more you can compete in areas where big organisations dominate," says Mr Scott Durward, joint chief general manager of the newly-merged Alliance and Leicester. "Your branches are more accessible to the general public so your advertising and market become more cost effective."

Worried about their future in a more competitive world, the managers of many smaller societies may be tempted, over the next 18 months to accept his conclusion and merge with a large society while the going is good.

THE TOP 15 BUILDING SOCIETIES

Building Society	Assets £bn	General Reserve £m	Date
Halifax	22.0	830	31.7.85
Abbey National	18.1	670	30.6.85
Nationwide	9.4	398	30.6.85
Leeds Permanent	6.9	256	30.9.85
Alliance and Leicester	6.8	264	30.9.85
Woolwich Equitable	6.8	252	30.9.85
Anglia	4.4	177	30.4.85
National and Provincial	4.4	169	31.12.84
Bradford and Bingley	3.7	144	31.10.85
Britannia	3.1	127	30.6.85
Cheltenham and Gloucester	2.9	115	30.6.85
Bristol and West	1.9	90	31.12.84
Yorkshire	1.5	65	31.12.84
Gateway	1.4	51	31.12.84
Northern Rock	1.3	56	31.12.84



Chris Walker

Dark picture on a Cornish postcard

Andrew Gowers looks at the problems of Britain's tin mines

"IF THE mine has to close," shouted the manager over the clatter and bang of the ore-crushing equipment, "this place will be a ghost town. There's nothing else here apart from tin."

As he spoke, he gestured towards the village of Pendeen, a straggle of grey houses perched atop a cliff at the northwestern tip of Cornwall. Pendeen is the headquarters of Geevor Mines, which runs one of Britain's four operating tin mines.

And for the past six weeks, as the international tin crisis has unfolded and a sharp and sustained fall in the price of the metal has looked increasingly likely, it has been overshadowed by a menacing cloud.

The picture is similarly grim to the east at Camborne, a dour industrial town at the heart of Cornwall's main mining region. The threat hanging over the tin mines is only the latest in a series of blows to jobs in the area over the past few years, and follows hard on the heels of a large spate of redundancies at Camborne's other main employer, the engineering company CompAir Holman.

Unemployment in Cornwall as a whole, traditionally high relative to most other parts of Britain, now exceeds 18 per cent of the workforce and is growing; in pockets like Camborne and nearby Redruth, it is more than 20 per cent.

"This winter will be the grimmest since the 1930s," said a district councillor in Redruth.

Nor are the prospects for new jobs particularly bright: the county council's efforts to attract light industry suffer the twin disadvantage of Cornwall's perceived remoteness and bigger-budget promotional activities in other depressed areas such as Scotland and Wales.

Tourism has slackened off since its peak year in 1978, under the impact of competition from foreign holidays (aggravated by last summer's poor weather). In any case, local officials see little chance of boosting it in the mining areas.

Farming is still a staple Cornish occupation, but—as everywhere else in Britain—there has been a significant outflow of labour over the past two decades, and the imposition of milk production quotas last year has not helped. Fishing, also of great importance to parts of the county, simply does not have the potential to expand.

And, although the china clay business is thriving at present on the back of booming demand for its products in the paper industry, this has not led to increased job opportunities. On the contrary: English China Clay, the largest single employer in the county, based in St Austell, has actually cut its workforce by 400, or about 8 per cent over the past 10 years.

The importance of Cornish tin mining can be exaggerated. It employs directly only a little over 1,500 people in a county with a total population of 425,000. But several thousand other jobs depend indirectly on the industry — in sub-contracting for haulage and engineering work, for example. And the £27m a year which it spends locally on wages, services and taxes is not insignificant, particularly as it is concentrated in a couple of districts with few alternative sources of wealth.

Tin has been produced in Cornwall, off and on, for more than 2,000 years. The industry's heyday came about 100 years ago, but around the turn of the century it entered a long decline in which all but two of the mines had to close.

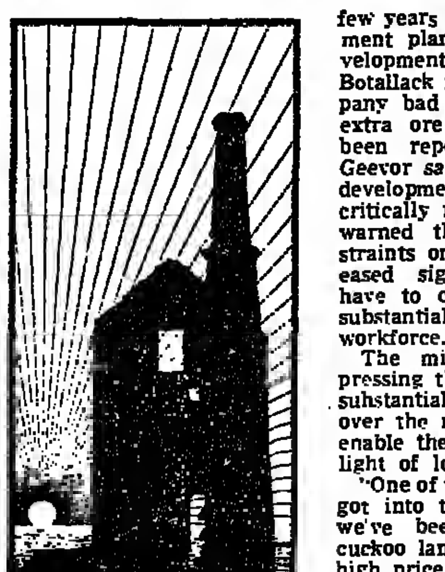
The derelict engine houses dotting the landscape around Camborne, like relics in an industrial museum, are an eloquent testimony to those times.

In the past few years, artificially high tin prices have spawned something of a renaissance. The key player in this is the large, London-based resources and manufacturing group, Rio Tinto-Zinc, which has reopened two tin mines in the area — Wheal Jane and Pendarves — and bought either full ownership of or a stake in the other two, South Crofty and Geevor.

Last year, production from Cornish mines, totalling more than 5,000 tonnes of tin in concentrates, was higher than in any year since 1918.

Nevertheless, the renewal of interest in Cornish tin has always been a precarious affair. The mines' basic problem is simple: the depth of the mines and the heavy charges involved in pumping water out of them mean that their costs of production are far too high for them to survive a sustained price crash.

Immediately before the London Metal Exchange tin market was suspended in late October (when the Tin Council ran out of money for its price support activities) the metal was worth £8,140 a tonne; if no financial rescue is agreed, it could reopen at around £6,000 and stay there.



That compares with production costs in Cornwall of up to £8,500 a tonne.

Apart from imposing rapid cash flow strains on the operating mines, such a fall would also raise a large question-mark over their development plans.

RTZ's Carnon Consolidated subsidiary illustrates the problem. When the company moved into Cornish tin in the 1970s, it was relying on the maintenance of price support until at least the latter part of this decade, by which time it might have hoped to have achieved a significant reduction in production costs.

Observers estimate that Wheal Jane, Pendarves and South Crofty need total investment of about £20m over the next four years. But Carnon is unlikely to generate such funds from its own cash flow, and it is by no means a safe bet that RTZ will stump up the money itself.

At Geevor, the problem is, if anything, more pressing. The independently quoted company, in which RTZ has a 19 per cent stake, has spent considerable amounts of money over the last few years on boosting its treatment plant capacity. But development of the additional Botallack mine, which the company had hoped would supply extra ore for processing, has been repeatedly stalled, and Geevor said this week that all development work was being critically re-examined. It also warned that unless the constraints on its cash flow were eased significantly, it would have to consider laying off a substantial proportion of its workforce.

The mining companies are pressing the Government for a substantial injection of capital over the next five years — to enable them to compete in the light of lower tin prices.

"One of the reasons why we've got into this mess is because we've been living in cloud-cuckoo land on this artificially high price," said one manager. "We've got to learn to survive on the free market."

One small company, Medway Tin, which had been processing tin from old tailings, has already had to suspend operations and lay off its workforce of 35.

- Consolidated Concord, owned 86 per cent by a private investor, CTS Mining, and 14 per cent by the Legal and General insurance company, has invested £3m in redeveloping the old Wheal Concord mine, and is spending a further £3.9m on building a mill to process the ore, due to be on stream next October.

The company claims its costs of production will be significantly lower than those of the older Cornish mines, but admits that it would be forced to take "a hard look" if prices fell too close to £5,000 a tonne.

- A consortium known as Marine Mining is building a mill to process sand pumped up from the tin-rich St Ives bay.
- Other companies which have been doing exploration work in various parts of the country include Billiton, the Royal Dutch/Shell metals subsidiary, and Southwest Minerals.

Whether they will want to proceed now that market forces look like reasserting themselves in the world of tin is an open question.

Man in the News

A reasonable voice in a rough world

By Michael Prowse

CALMNESS under fire from concealed enemy positions was one of the qualities that earned young Lieutenant Runcie, a tank commander in the Second World War, the Military Cross.

So it was hardly surprising this week, 40 years on, that the same Robert Runcie, now Archbishop of Canterbury, and at the pinnacle of the Anglican Communion, should be so unruffled by the extraordinary manner of the Government's rejection of a sober Church of England report on deprivation and misery in Britain's inner cities.

The calmness in the face of wild and ill-informed accusations—in particular the incoherent assertion that the Church was indulging in a logical impossibility (Marxist theology) —doubtless also reflected a sense of *deja vu* on Dr Runcie's part.

This is far from the first time the Archbishop has been drawn into debate with the Thatcher government. It happened over a Falklands War memorial service, when Dr Runcie asked the congregation to remember the anguish of the relations of the young Argentinian dead. It happened when the Archbishop adopted an even-handed stance during the miners' strike: some Tory MPs roared that he should "eat coal" as a penance.

In public, Dr Runcie has done little more than gently chide the Government for its hasty and ill-considered remarks and express the hope that first reactions will not necessarily coincide with final reactions. In private, he expresses serious concern about the Church's apparent inability to make contact with those "who wield power and celebrate wealth-creation." He wonders why "we seem able to address them only in the angry tones of the of the Old Testament prophets."

In practice, it would be hard to imagine anybody less like a fiery Old Testament prophet than Dr Runcie. Seated before a cheerful coal fire in his spacious study at Lambeth Palace—the Archbishop's official London residence—he seems for all the world like a benign Oxbridge don, which is, in fact, just what he was 30 years ago.

Dr Runcie retains a don's intellectual curiosity and open-mind: he is the sort of man who is constantly aware that his premises or reasoning might be faulty. "Truth," he says, "can he refracted in different ways." It is easy to see why Dr Runcie sometimes fails to find much common ground with the more dogmatic free-marketeers.

More surprising, perhaps, is the fact that Dr Runcie—unlike many of his predecessors—has been unwilling to remain silent when Government policy has seemed to conflict with his ethical and moral principles. He argues that there is "bound to be a conflict" between materialistic individualism and Church ethics because the former "seems to eschew models of co-operation which are at the heart of the Christian faith."

He worries that in a society where "the bottom line of the balance sheet is what counts," there are likely to be "warring groups fuelling indignation against each other." At the root of the problem are what the Archbishop calls "single goals of achievement," which he regards as among "the heresics of the age."

Dr Runcie's interventions in public affairs are beginning to re-define the relationship between church and state. The Archbishop says he is "bored by the technicalities of politics" but concerned that people—not just the few—should get a "fair deal."

Last year in an address to the Coningsby Club, he spelled out the principles that govern his political interventions. Two are of special interest. The first is that Christians have a duty to speak up for the poor and powerless (for example the victims of urban decay): "the protection of the weak," he said, "is the first charge on a government's responsibilities." Second, an Archbishop has an obligation to tease out and pronounce upon the "moral and spiritual dimensions of contemporary issues."

A key issue for the Church is the balance it strikes between personal acts of charity or evangelism and social action aimed at changing the underlying circumstances which cause poverty and distress. The report on inner cities argues that these are not separate options: the old Cartesian distinction between the "thinking soul" (the province of the priest) and the web of social and material phenomena that surround it is unreal. The Church must concern itself with people's social and economic condition: it must embrace both social and personal action.

Dr Runcie strongly supports the report's theological underpinnings. But he is canny on the question of social action. The concept of the Anglican parish, he argues, equips the Church to "facilitate community spirit and community action." But it would be quite wrong to *define* the Church in terms of its community action on behalf of the alienated; this is but one of its many roles. He feels that beautifully cared for churches, acting as "points of inspiration," rather than as community centres, may do more to invoke feelings of reverence for God and for each other than the words of many social action committees.

As important as the Church's response to urban decay is its response to the shrinkage of its own congregations. In the past 15 years, Anglican membership has fallen by 20 per cent; the number of committed and active Anglicans is now well under 5 per cent of the adult population.

What does Dr Runcie intend to do about this? He hopes to build up numbers by a "reasonable presentation" of the faith, by an improvement in the quality of Christian education and by the recruitment of high calibre priests—the clergy who survive in tough neighbourhoods, he says, are those with the firmest grasp of the fundamentals of the faith.

But the Archbishop admits he is not a natural campaigner or evangelist. Unlike some of his predecessors—for example Dr Ramsey—he does not emanate spiritual authority. In a sceptical world, it must be questionable whether a "reasonable presentation" of the faith is sufficient. On the other hand, Dr Runcie is a much more approachable man than his predecessors and has always been regarded as good with "heathens." This is not because he preaches at them but because he likes them: he confesses he has a "natural inclination to make friendships with non-ecclesiastics." His wife Lindy is a successful musician and he cherishes his contact with her artistic circle.

Dr Runcie also understands the sceptical temperament. Having studied logical positivism at Oxford in the late 1940s, he himself faced a "struggle of intellectual integrity" as the fact of his faith clashed with his philosophical training. He looks for truth in the small and the particular and eschews grand metaphysical systems — theological or secular. His faith may be infectious for the intelligent non-believer because, in the best Anglican tradition, it does not seek to exclude: if the "passport control" on entry into the Anglican church is, by the standards of some sects, fairly lax, Dr Runcie will not be the man to insist that it is tightened up.

The Archbishop's priority today, at a time of "stridency in society," is to ensure that the Church of England "keeps its nerve." His emphasis on the need to hold the Church together means that Dr Runcie has to take an easily-criticised middle of the road position on many controversial issues: the policy of "gradualism" over the ordination of women has thus been attacked by both church liberals and conservatives but has at least prevented the Church from splitting apart. Likewise his characterisation of homosexuality as a "handicap" may not have pleased those who consider it a sickness or a sin, but it can hardly have thrilled the liberals.

Britain's inner cities may have been Dr Runcie's chief pre-occupation this week. But his responsibilities spread far beyond the UK: besides promoting unity within the Church of England, his task is to provide a lead for the world-wide Anglican Communion and to seek co-operation between Christian churches of different persuasions (he was the man who first brought the Pope to Canterbury).

The burden is lightened by his endearing brand of self-deprecating humour. Next February, he visits India where Mr Mark Tully, a pupil of Dr Runcie's at Cambridge, is the BBC's correspondent and a well-known local figure. The Archbishop says he hopes to ensure a favourable reception by marketing himself as "Tully's tutor."

The politics of regulation

Fraud puts the City back in the dock

By Peter Riddell, Political Editor

"WE SHOULD have one or two good prosecutions to clear the air and to show that the system works." This comment by Mr Michael Grylls, chairman of the Conservative backbench trade and industry committee, echoes the views of many Tory MPs after a week in which the problems of the City have moved to the centre of the political stage for the first time in over a decade.

At stake is the future regulation of City financial markets, and particularly of Lloyd's, with the Financial Services Bill, the largest financial measure for a generation, and the White Paper on banking supervision both due to be published within a fortnight.

City matters normally interest at most a couple of dozen, mainly Tory MPs and are discussed on the floor of the Commons only a handful of times a year.

But in the past week alone there have been fresh allegations about fraud at Lloyd's and Johnson Matthey Bankers. Half a dozen Commons motions have been tabled and Tory MPs have been expressing their concern, both at Prime Minister's questions and, privately, at a lively meeting on Thursday evening of Mr Grylls' committee.

To many senior MPs, all this is reminiscent of the early 1970s property and secondary banking boom, which is reckoned to have damaged the Conservative Party in the 1974 elections. Phrases like "the unacceptable face of capitalism" — used by Mr Edward Heath against Lonrho —are being used by Tory MPs in relation to Lloyd's.

Significantly, these worries come from senior figures such as Mr Geoffrey Rippon, the former Cabinet minister and chairman of Britannia Arrow, Sir Peter Tapsell, a partner of brokers James Capel, Sir William Clark, the chairman of the backbench finance committee, and Mr Patrick Jenkin, the former Industry and Environment Secretary. They have warned of the inevitability of tighter regulation and have accepted the possibility that Lloyd's may have to be included within the scope of the forthcoming Bill unless it is publicly seen to be putting its house in order.

What affects the political climate is popular impressions, not the details of particular allegations. Labour MP Mr Brian Sedgemore, the JMB crusader, may have succeeded in shifting the public debate, but his main charges about official obstruction of inquiries have not yet been proven. Mr Sedgemore, an investigative journalist with the advantage of parliamentary privilege, has, apparently, been vindicated by the decision to refer one aspect of the JMB affair to the Director of Public Prosecutions.

Ministers are in the frustrating position of having responsibility without power. Indeed, Mr Nigel Lawson, the Chancellor, has not disguised his annoyance with the Bank of England over the eight-month delay before the Fraud Squad was brought into JMB especially given previous reassurances. Similarly, there is little that the Department of Trade and Industry can do to put crooks behind bars. Bringing charges is a matter for the DPP and there are considerable difficulties in obtaining sufficient evidence to justify a lengthy trial.

The Government has, however, sought to go on the offensive over the past fortnight. Mr Michael Howard, the new under-secretary for corporate and consumer affairs, has made speeches almost daily promising tough action against fraud. For instance, the resources of the special Fraud Investigations Groups, set up a year ago, are being reviewed and changes in the handling of major fraud trials may follow a report next month from Lord Roskill.

The key test will be the Financial Services Bill. Mr Howard has been defending the proposed system of statutorily backed self-regulation as set out in a White Paper last January. He has argued that it is wrong to draw a clear distinction between self-regulation and a US type of Securities and Exchange Commission, suggesting that an in-between framework may be more flexible.

Some senior Tory MPs doubt whether this approach will be sufficient. Sir William Clark, for example, wants the supervisory body to have the teeth to ensure that the self-regulatory organisations change their rules if problems emerge. Mr Anthony Nelson and Mr Anthony Beaumont-Dark, who both have City interests, say they will judge the Bill by the nature of penalties against wrongdoing. There is often however, uncertainty about what form any such tougher regulation might take.

Other MPs such as Mr Rippon and Sir Peter broadly share the view of Sir John Nott, the former minister and chairman of Lazards, that while self-regulation may be the most effective method of controlling markets, it will in practice founder politically in the next bear market.

These differences will emerge more clearly on the second reading of the Bill next month, and particularly when it is then considered in a small committee with expert members.

The question will be whether cross-party alliances can be constructed to force through amendments. That is certainly the aim of Mr Bryan Gould, Labour's trade spokesman. Depending on which Tory members are picked to serve, Mr Gould may be able to gain cross-party support for amendments covering the powers of the supervisory body in relation to the self-regulatory organisations and on whether to widen the scope of the Bill to include Lloyd's.

On the films Bill Committee earlier this year Mr Gould persuaded dissident Tories to defeat the Government by looking for points of common interest rather than by voicing outright criticisms. One of his problems now may be to obtain sufficient committed and active members on his own side.

The Alliance has also taken an unusually low profile recently on these questions, apart from an exchange of letters between Mr David Steel, the Liberal leader, and the Prime Minister. Indeed, the SDP and Liberals do not yet seem agreed on how far Britain should go down the US statutory road, though both favour bringing Lloyd's within the Bill.

The Government's problem is how to regain the political initiative over events which it can only partly control. At present, there is a gathering momentum among MPs in favour of strong regulation which ministers may find it hard to check.

Letters to the Editor

Speculative excesses

From Mr I. Kahn

Sir,—The only two basic functions of a stock market are to raise capital for legitimate business needs and to permit buyers and sellers to complete their transactions.

When total transactions multiply to the level of a roulette table they are better housed in a casino where the only consistent winner is the croupier.

Inevitably, markets respond to surges, based upon mass greed or mass fear. The price levels move sharply either above or below normal relationships. Such price relationships are strongly grounded in measurable numbers like assets, yields, and a reasonable range of anticipated earnings. When mass hysteria subsides, price levels ultimately gravitate to dependable historical ratios.

Some reliable measures of mass hysteria are the size of margin debt, total trading volumes and annual turnover or the corporation's outstanding shares. When these make new highs look for shares to reach new lows. Borrowed money can seem as real as owed money, but, when the lender wants his loan repaid this reality disappears. The repayment strings of debt usually get pulled harder as the borrower's equity gets thinner.

Central bankers like Mr David Walker of the Bank of England should be concerned with excessive share trading. Many speculators, wearing the masks of investors can be saved from some of their follies by central bankers closing some of the money valves. It's the obligation of all central bankers to control their own banking systems when they expand uneconomic loans and fuel speculative excesses.

Irving Kahn,
Kahn Brothers & Co,
1 Exchange Plaza,
55 Broadway, New York,
New York 10006.

Experiments on animals

From Mr S. Duffin-Graham

Sir,—In his article on the Royal Society (November 30) David Fishlock again airs that silly and unfounded view that those opposed to experimenting on living animals are "anti-science."

Unless you think that respect for all sentient creatures and opposition to the deliberate infliction of pain and stress are anti-science, this is a piece of nonsense, and one fostered by the vivisectors themselves; that is why they style their lobby the "Research Defence Society," although it was set up specifically to make pro-vivisection propaganda.

Anti-vivisectionists as a body are neutral about "science," but opposed to the abuse of laboratory animals by some researchers. Incidentally, the RDS would appear to be more successful lobbyists than animal welfare organisations, since an RDS spokesman has declared himself broadly satisfied with the Bill on animal experiments.

S. Duffin-Graham,
241 Wilton Street,
Glasgow.

Good business training

From the Finance Director, Richard Clay

Sir,—The table of "jobs contributions" (November 30) listed 12 occupations in descending order of perceived contribution to Britain. Only three of those occupations, ie 25 per cent, were wealth creators, the remaining 75 per cent being merely service industries which must be paid for by the 25 per cent.

I would have expected the wealth creators to come high in the table because without them we could not afford the costs of medical, educational and military cadres. For those readers who missed the fascinating article on youth's attitude to industry, it may therefore come as a surprise to learn that the three came low in the order of priorities. Out of total marks allocated out of 100, they attracted the following: farmworkers 10 per cent, industrial managers 7 per cent and factory workers 6 per cent. These marks compare with medical 25 per cent, educational 19 per cent and the armed forces 17 per cent. In other words, the sum of the values attributed to the earners of national wealth was less than the value given to medicine alone.

The reason lies first with the incestuous educational system that prevails in this country.

My eldest daughter gained a "full house" of "A" grade "O" levels. In her sixth form school she has been steered towards the arts and away from the sciences for her four "A" level subjects. In defence of the school she says she was not interested in the science subjects—making my point really. Schools run largely by arts academics tend to nurture more arts academics. Impressionable young people will naturally admire their teachers and wish to emulate them and so unwittingly get on the arts bandwagon.

The second reason why our educational system is an endless merry-go-round of arts academics is of course because of the preponderance of universities and the dearth of colleges of advanced technology. I do not blame the arts academics for failing to realise that many aspects of business can be learned in the class room. On the other hand Governments of the past 40-50 years must be held to blame for failing to see what the Americans, Germans and many other highly developed countries have realised for years, that good business training should start at tertiary if not secondary, educational levels, not left to post-graduate browsing in so called "business schools."

John W. L. Nichols,
Chaucer Street,
Bungay, Suffolk.

Independent TV production

From Mr D. Elstein

Sir,—Thoughtful as it was, Godfrey Hodgson's article on Channel Four (November 30) still managed to conflate three issues that need to be kept separate.

Brook Productions has made no complaint about the non-renewal of "*A Week in Politics*." C4 has always said that programme strands would have a limited life.

Five months before that non-renewal was decided, I wrote to C4 on behalf of the producers at Brook, pointing out that only a medium-term commitment to the company by the channel could sustain the benefits the channel derived from those producers working together: cover for each other when needed, a continuing flow of programme ideas, low unit costs through sharing of services.

By medium-term, I meant two to three years; by commitment, I meant either an agreement to commission a certain level of output, or to pay for a small central overhead (offices and salary for a secretary, production manager, an accountant). C4 has rejected the proposal, and, again, it has a perfect right to do so. After all, it is C4 that stands to suffer most from the relative rise in costs of any programmes commissioned from those producers once they have gone their separate ways.

C4 will also lose the benefits that flow from a company "developing" momentum and a willingness to gamble. This weekend, C4 has scheduled three hours of Brook programmes: a special edition of "*A Week in Politics*" (produced for no extra production fee), the sixth in the seven-part series *The Writing on the Wall* (produced for a production fee of less than 5 per cent), and a documentary on David Low (produced on a fixed-price contract which will —in the event—show no profit at all). In six months' time, that momentum and willingness may disappear, by C4's deliberate decision.

The future of neither "*A Week in Politics*" nor of Brook Productions is a matter for great public concern. What is an issue is the reasoning offered by C4 in conveying its decision, and the context within which it is made.

Preserving total flexibility so as to protect C4's commitment to innovation was the reason given for rejecting the Brook proposal. It is hard to believe that, increasing from one to two (out of the 313 with which the channel deals) the number of independent production companies with a medium-term contract has any impact on the commitment to innovation. It is even harder to believe that C4 has really come to the conclusion that a company with two years' security of operations will somehow offer worse ideas than one which may cease to exist three months' hence.

In any case, C4 has also committed itself to "the development of a secure and stable independent production sector in the UK": a commitment at least as important as that to innovation. Yet, in the last year, C4 has reduced total hours of output from the independent sector by 8 per cent, and reduced average hours per company by 18 per cent, while at the same pursuing an explicit policy of forcing down production fees for independents. How this process of fragmentation can be reconciled with the commitment to a "secure and stable" independent sector is very much a legitimate subject for public debate. I hope Godfrey Hodgson's article starts it.

David Elstein,
Brook Productions,
2 Newburgh Street, W1.

Membership of councils

From the Vice-Chairman, Islington SDP

Sir, — How can the director of social services from Islington, of all places, say (November 30) that the "fundamental disenfranchisement" of local democracy is the "premise of getting something for almost nothing"?

In the May 1982 borough elections in Islington, Labour gained 52 per cent of the vote and 98 per cent of the seats on the council. In the June 1983 Parliamentary election Labour gained less than 40 per cent of the vote in Islington and 100 per cent of the Islington seats. A recent issue of our local newspaper quotes an Islington councillor who has just resigned from the Labour Party as follows: "If you think the present council is left-wing, wait till you see the next one. It is going to be really extreme. . . . Decisions are being made by three or four people and the rest are expected to follow like sheep. . . ." The Labour council doesn't even represent Labour voters.

The "fundamental disenfranchisement" for the vast majority of citizens in national and local "democracy" is that their votes are not represented in the balance of seats in councils and Parliament. Here in Islington we are ruled by a tiny and unrepresentative minority. Some of these already claim thousands of pounds in "allowances." For them to be paid salaries out of rates and taxes as Islington's director of social services suggests would be an outrage. Let Widdicombe recommend proportional representation and then we can think about paying leading local councillors.

Mary Campbell,
6, Grange House,
Highbury Grange, N5.

BT pricing policy

From Miss L. Denny

Sir,—I was interested to learn from Mr de Jonquieres' article (November 30) that Oftel is launching a review of the future pricing policy of BT.

I heard recently of the difficulty experienced by a subscriber in Sandwich who is over 80, lives alone and has been in poor health recently. Her telephone apparently went out of order on the morning of November 25; this was discovered by callers who got the ringing tone but no reply and instituted enquiries. The home help reported the fault and then asked again the following day whether in view of the circumstances it could be dealt with as quickly as possible. She was told that in a case of emergency it could be dealt with right away on payment of £30: otherwise it must wait its turn. The fault was in fact rectified at about mid-day on the following Thursday.

If such a charge is already an item in recent tariff increases, I do hope that on compassionate grounds and in view of the high and rising profits of BT it might be included on the agenda of the forthcoming review for reconsideration.

(Miss) L. Denny,
1 Blackfriars Street,
Canterbury, Kent.

BUILDING SOCIETY RATES

	Share	Sub'pn	Other
Abbey National	7.00	8.00	8.75/9.00/9.25/9.50 Five Star acc—instant access/no penalty
			9.50 Higher interest account 90 days' notice or charge
			8.50/8.81 Cheque-Save
			9.05/9.50 "City" Cheque-Save
Aid to Thrift	*9.20	—	— * Easy withdrawal, no penalty
Alliance and Leicester	7.00	8.00	8.75 Premium Plus min. £500. Immediate withdrawal (penalty if balance left is under £10,000) interest annually/mthly.
			9.25 Gold Plus £2,500+, 8.75 minimum £500, immediate withdrawal, interest annually/monthly
			8.75 Banksave Plus balance £2,500+, 7.75 under £2,500 current account minimum initial investment £500
Anglia	7.00	8.00	9.25 Capital Share 30, £500+ 30 days' notice/penalty
			9.50 Capital Share 90, £500+ 90 days' notice/penalty
			8.75 Capital Plus, £10,000+ 60 days' notice/penalty ann. int.
Barnsley	7.00	8.00	9.95 Summit account — £1,000+ — 3 months' notice
			8.85 Special Invest. (28 days' notice) 8.65 monthly inc. o/e
Bradford and Bingley	7.00	8.00	9.50 No notice no penalty on up to 2 withdrawals per annum
			9.75 8 months' notice without penalty
Bristol and West	7.00	8.00	8.75 Plus account £1,000+. No notice. No penalty
			9.80 £10,000+, 8.85 £5,000+, £1,000+ 7-day notice Triple Bonus. Monthly income up to 9.55
			9.80 Special 3-month account, £5,000+, 3 months' notice
Britannia	7.00	8.00	9.50 60 days' notice
Cardiff	8.50	8.60	9.80 90 days' notice or penalty if balance under £10,000
Catholic	7.30	8.30	10.00 £2,000+ Jubilee Bond. Monthly income. 90 days' notice
Century (Edinburgh)	8.85	—	9.30 Guaranteed rate 2/3 years (or variable account)
Chelsea	7.00	8.00	9.25 Immediate withdrawal interest pen. or 3 months' notice
Cheltenham and Gloucester	—	8.00	9.75 Cheltenham Gold. No not./pens. £10,000+ 9.75. £5,000-£9,999 8.50. £500-£4,999 8.00. Under £500 7.00. Mly. int.
Cheshunt	7.00	8.50	8.75 £5,000-£250,000. 9.25 £1,000-£4,999 instant acc. no pen.
City of London (The)	7.25	8.75	9.60 3 months' notice—no penalty—monthly income
			9.00 7 days' notice, immed. access for amounts over £2,000
Coventry	7.00	8.25	9.85 3-year bond £1,000+, close 90 days' notice and penalty, monthly income option, guaranteed 2.25 differential
			9.65 Moneymaker £10,000+, 9.30 £5,000+, 9.00 £1,000+ instant access no penalty, monthly income option
Derbyshire	7.00	8.25	8.75 3 months' notice. Up to 9.50 no not./pen. monthly int.
Frome Selwood	7.00	10.50	10.30 Somerset super plus £10,000 minimum. Monthly income
Gateway	7.00	8.00	9.55 Gold Star £10,000+. No notice No penalties 9.30 £5,000+, 9.00 £1,000+ monthly interest available
Greenwich	7.00	—	9.75 60-day account (no notice account 8.75-9.25)
Guardian	7.65	—	10.00 6 months' notice £1,000 min. access to bal. £10,000+
Halifax	7.00	8.00	9.50, 9.00-8.50, 8.00 Instant xtra (minimum £500)
			9.50 90-day xtra 90 days' notice/no penalty (minimum £500)
			9.00 Cardcash (£2,500+), 7.50 [illegible]
Heart of England	7.00	8.25	8.30 and 9.55 High interest. 9.50 Gold [illegible]
Hampstead	7.00	8.50	10.00 90 days, 9.00 60 days, 8.75 28 days
Hendon	8.00	—	9.00 7-day account. Minimum £500 [illegible] 7.75
Hinckley and Rugby	7.00	9.50	9.80 £20,000 High Rise wdl. no pen. Rate varies with balance
Lambeth	7.15	8.25	10.00 Und. £10K. 10.25 ov. £10K may [illegible] loss of int.
Leamington Spa	7.10	—	8.25 £20,000 min. [illegible] no not./pen. 8.75 £5,000 min.
			9.50 High flyer—no notice/no penalty £10,000 minimum
			9.25 High flyer—£5,000 minimum, 9.00 £500 minimum
			10.15 Super share no not., 14 days' penalty £20,000 minimum
			9.85 Super share £5,000 minimum, 9.25 £2,000 minimum
Leeds and Holbeck	7.00	8.75	8.75 Monthly interest, 9.25 28 days', 9.55 60 days' notice. 9.00-9.25-9.50 immediate access, no penalty
Leeds Permanent	7.00	8.00	9.50 HRAS 3 months' notice. Liquid Gold 9.00 £500+, 9.25 £5,000+, 9.50 £10,000+. No penalty no notice
London Permanent	7.75	—	9.00 28 days' notice or immed. wdl. no pen. if bal. £5,000+
Midshires	7.00	—	9.25 £500+ inst. acc., no pen. £100-£499 7 days' notice
			9.50 3-yr. term. 2.50 gtd. £500-£1,000 [illegible] 3 mths' not. pen.
Mornington	8.10	—	8.10 £2K, 9.25 £2K+, 9.35 £10K, 9.50 £20K+
National Counties	†7.30	8.55	9.80 90 days' notice, no penalty £10,000+, [illegible] £1,000
National and Provincial	7.00	8.00	9.50 APEX 3rd iss. (+2.50 gtd. 3 yrs.) 60-day notice/penalty
			9.50 Special share 60-day notice/penalty unless £10,000+
			8.50 Money plan £5,000+. No notice, no penalty
Nationwide	7.00	—	9.00 Flexaccount cashlink £2,000+ 7.25 £25-£1,999
			9.50 Bonus Builder £10,000+, 9.25 £5,000+, 9.00 £2,000+, 8.75 £500+, 8.00 £100+, no notice, no penalty
			9.50 Capital Bonds 3 yrs., 2.5 gtd. diff. 90 days' not./pen.
Newcastle	7.00	8.25	9.50 (plus bonus) Two-Year Term, 9.25 7 days' notice. On demand by arrangement
Northern Rock	7.00	8.25	8.55 Moneyspinner plus £10,000 or more, instant access
			9.30 Money spinner plus £5,000 or more, instant access
			9.05 Moneyspinner plus £500 or more, instant access
Norwich	7.00	8.25	8.75 7-day/monthly income option/9.00 on £10,000+
Peckham	7.65	—	8.55/8.75 immediate withdrwl. if over £2,000. Monthly income
Peterborough	7.00	8.30	8.75 Premium shrs. Inst. acc. £5,000+ (8.95 under £10,000)
Portman	7.00	8.25	9.90 Gold acc. Min. £1,000. 1-yr min. then 3 months' notice
			9.60 Flexi-plus £10,000+. Minimum £500 9.00. No not./pen.
Portsmouth	7.15	8.65	10.00 3-year, 9.80 90-day, 9.15 30-day, 8.70 7-day
Property Owners	7.50	9.00	8.85 Instant access minimum £500
Regency	7.00	—	9.35 Min. inv. £500. Balance over £5,000 9.55 1 month's not.
Scarborough	7.00	8.25	8.15-9.55 over 55s no notice/penalty MI minimum £2,000
Skipton	7.00	8.25	9.70 Sovereign £5,000+, 9.25 £500-£4,999 monthly income
			9.25 minimum investment £2,500 instant access no pen.
Stroud	7.00	8.25	10.25 2 years, 10.00, 9.75, 9.60, instant or notice
Sussex County	7.00	8.50	8.75 90 days, 9.50 monthly income, 9.25 instant access
Thrift	9.20	—	10.20 3-year term. Other accounts available
Town and Country	7.00	—	9.75 2-year term £10,000+, 9.50 £500-£9,999 wdrwl. available
			9.80-9.75 Moneywise cheque-Visa. Interest varies with bal.
			8.75 Super 60 ½-yearly interest £500, wdl. avail., mthly. inc.
Wessex	9.10	—	— No notice—no penalties—minimum £1
Woolwich	7.00	—	8.00 Prime £500+, 9.25 £5,000+, 9.50 £10,000+, no not./pen.
			9.50 Capital, 90 days' notice/penalty. Minimum £500
Yorkshire	7.00	8.00	8.80 Plat. key £10,000+ wdl. no pen. —£10,000 60 d. nt./pn.
			8.50 Classic Key Monthly Income

All these per cent rates are after basic rate tax liability has been settled on behalf of the investor

UK COMPANY NEWS

First Castle rejects Morgan's bid

BY LIONEL BARBER

Morgan Crucible, the artificial limb and defence electronics manufacturer, yesterday made a hostile takeover bid worth around £37m for First Castle Electronics.

First Castle, which also specialises in defence electronics, immediately rejected the offer, describing it as "opportunistic."

Morgan said the bid was aimed at exploiting potential worldwide demand for electro-optical components and weapons simulation systems over the next 10 years. It intends to establish a defence electronics division to expand into this growing market.

Morgan's shares closed 1p lower at 199p while First Castle's rose sharply by 34p to 146p. The offer is five new Morgan shares for every seven First Castle, valuing First Castle at around 142p per share. There is a cash alternative of 132p per share.

Dr Bruce Farmer, Morgan's managing director, said yesterday that talks had been held with First Castle last month in an effort to reach an agreed bid. But recent movements in First Castle's share price had forced a bid.

Last night, First Castle's advisers, Hill Samuel, said that Morgan had stated "categorically" that it would not make an offer without the recommendation of the First Castle board.

Morgan accompanied the bid with forecasts of pre-tax profits of £18m (£15.5m) for the year ending December 1985, and a final dividend of 4.6p, making a total of 8.5p (8p).

Morgan exports 75 per cent of its sales and employs around 6,500 worldwide, selling defence electronics, ceramics and carbon materials to the Third World, Middle East and Eastern Bloc countries.

First Castle employs 560 people. It has a specialised technology group, Centronic, which makes equipment that can detect radio active particles in nuclear reactors as well as defence electronic equipment such as the helicopter weapon simulation system known as Atlas.

Last year, First Castle increased pre-tax profits by 34 per cent to £2.33m on £19.8m turnover. In the six months to July this year, profits rose from £1.1m to £1.45m on turnover of £11.46m (£8.41m). "Our continuing growth is the reason for the rise in our shares," said Mr Conner, the chairman, and added "it is not due to bid speculation."

Dr Farmer said he hoped to create a division built around two Morgan subsidiaries which had total sales of £15m. "We want to boost this figure to around £50m and we analysed 487 different companies. First Castle was our first choice," he said.

Morgan, advised by Morgan Grenfell, has been through a difficult restructuring process. In 1979, turnover was £113m and employees numbered 7,100. In 1984, turnover was £200m and employees totalled 6,400 people.

The issue of new Morgan shares will expand share capital by 21 per cent.

Maxwell may support Thorn Screen management

By Raymond Snoddy

Mr Robert Maxwell, publisher of Mirror Group Newspapers, may support the management group which is trying to organise a buyout of Thorn EMI Screen Entertainment (TESE). Mr Maxwell, it is believed, has had talks with Mr Gary Dartnall, chairman and chief executive of TESE over the past two days on the possibility.

If Mr Maxwell decided to support the management buyout effort, it could bring their attempts to take over the Thorn cinema, video and film production division back to life.

The TESE management set a Thursday midday deadline for consideration of their £100m offer. When there was no response either way from the Thorn board offer formally lapsed.

However, it appeared yesterday that Mr Dartnall had not finally given up. Rank Organisation and Heron International in combination with the Cannon Group have been widely reported as the two most serious contenders.

But last month Mr Maxwell said he was bidding for TESE and that bid is still apparently in place.

Because of his cable television interests and his channel on the French direct broadcasting satellite, Mr Maxwell has a pressing interest in acquiring the rights to films. The TESE package includes an extensive film library.

If Mr Maxwell were to join forces with the management buyout team The Mirror publisher might be able to get access to the parts of TESE he wants with a minority stake.

Meanwhile it appears unlikely that the ownership of TESE, which made a pre-tax profit of £11.9m on turnover of £132m in the year ended March 1985, will be resolved before the middle of next week.

Both Rank and Cannon, it is believed have been sounding out the Office of Fair Trading on the implications of a purchase. The OFT is likely to look closely at a sale to either. After Thorn they are already the largest cinema owners in the UK.

Waddington spends £7m on two acquisitions

John Waddington, the printing and packaging group, is paying a total of £7.4m for Comet Products, a US maker of plastic containers, and Label Converters, a British manufacturer of self-adhesive labels.

News of these two deals coincided with the publication yesterday of Waddington's interim figures which showed an increase in pre-tax profits to £3.2m in the six months ended September 1985 from £3m previously. Turnover rose to £44.9m from £38.5m.

Waddington has agreed to pay an initial $7.1m (£4.83m) for Comet plus $1.3m to be paid in January and a further sum equal to one third of Comet's pre-tax profits for each of the four years ending March 1990.

The Label consideration will be met by an initial payment of £1.65m with an additional profit-related sum to a maximum of £1.05m in the period to the end of March 1988.

On completion the combined prices will be satisfied by the issue of 1.18m Waddington shares to the vendors, of which 874,000 are to be placed at 545p. If the maximum prices are paid, a further 210,000 shares will be issued making a total which represents 15.15 per cent of the existing share capital.

Comet was founded in 1974 and supplies the institutional food market. Between 1980 and 1984 pre-tax profits rose from $1.04m to $1.7m. In the ten months to October 25 1985 the pre-tax figure was $1.88m.

Label, based near Cambridge, was founded in 1975 and for the year to March 31 1985 reported taxable earnings of £252,000 on turnover of £2.37m. Net tangible assets at that date were £688,000. The interim figures to end-September 1985 show pre-tax profits of £151,000 with turnover of £1.48m.

The directors of Waddington say that the six months was encouraging with a healthy increase in trading profits but it was a period of consolidation following greatly increased profits in the previous two years.

Earnings per share fell by 14 per cent from 32.3p to 27.8p, mainly as a result of a higher tax charge, past tax losses having been fully utilised. The directors are however confident of the future and have increased the interim payment to 13p (12p).

Both packaging and business forms and security divisions showed increases with sales of £19.55m (£16.34m) and £17.65m (£12.58m) and trading profits of £1.97m (£1.27m) and £1.12m (£689,000).

Games, however, showed sales down to £8.67m (£9.59m) with taxable earnings of £769,000 (£1.35m).

Hicking starts to reduce its losses

The programme for the recovery of the Hicking Pentecost group of knitwear manufacturers and dyers and finishers is underway, and progress is being made.

In July the directors decided to invest in new technology to pull round the loss-making knitwear side. A rights issue to raise some £1.75m net went towards this.

The division continued to show a loss in the half year ended September 30, 1985, because of continued heavy pressure on margins, particularly in the UK, and production problems associated with reorganisation.

However, they report that operational capacity is now up to planned levels at the individual locations, and the level of loss is being reduced.

Group turnover in the period fell from £6.61m to £6.3m and the trading profit was down by £100,000 to £62,000. After interest charges £161,000 (£151,000) there is a net loss of £99,000 (profit £7,000)—again there is no tax charge. Per share the loss is 2.39p (earnings 0.27p).

The dyeing division has shown an improvement in profitability and this mainly reflects benefits from measures taken to improve efficiency and higher demand.

The group has been operating within the level of borrowings determined at the time of the rights issue. Expenses of the rights have been written off as a £124,000 extraordinary item.

Peerless sells Regon offshoot

Peerless is selling its Regon (Clips and Pressings) offshoot in a management buyout for a price of about £750,000.

The Birmingham-based plastics, electronics domestic engineering and metals group fell into pre-tax losses of £379,000 in the year to end-March 1985 against profits of £1.8m following losses and closure costs at its Headway offshoots. During the year there were other closures and sales.

Net profits for the Regon brass die casting and pipe fittings subsidiary came to £118,000 for the year, after group management charges of £52,250.

It is being bought by Isle, a company controlled by Mr Charles Jordan, joint managing director of Peerless, and his son Mr Anthony Jordan, a director of Regon. Mr Charles Jordan and his family have sold 750,453 Peerless shares and he is being released from the remaining five years of his service agreement with the company. Mr W. S. Jordan, the Peerless chairman, and his family have bought 300,000 of the shares and Mr G. Gahan, director, 120,000.

Boosey & Hawkes £1.4m loss

Boosey & Hawkes, musical instrument maker and music publisher, plunged deeper into the red in the first half of 1985. Pre-tax losses increased sharply from £136,000 to £1.39m, on a little changed turnover of £18.95m, against £18.9m.

The directors say vigorous action is being taken to reverse the operating performance and increase the longer term profitability of the group.

Trading results for the second half are likely to show a further, but much reduced loss, they state. Thereafter, the corrective action taken will have a progressive effect on profitability.

The half-time loss this time was struck after non-recurring promotional expenses of £676,000. This substantial expenditure, aimed at longer term market developments, has now ceased, the directors point out.

While publishing profits showed a modest improvement, the overall group loss was the result of several adverse factors.

Market conditions, particularly in the US and Japan, have depressed instrument sales, while in France there were some problems of production performance following difficult wage negotiations. The UK instruments subsidiary again traded at a loss.

As part of the corrective action being taken, top management has been reinforced by the appointment to the board of Mr R. Asserson as deputy chairman with full executive control of the business. In addition, Mr H. Schreiber, has assumed direct responsibility for the Edgware operations.

Net interest charges for the period rose from £728,000 to £915,000. Tax charge was £194,000 (£305,000) and after minorities, the attributable deficit increased from £455,000 to £1.6m.

James Halstead confident outlook

James Halstead Group told shareholders at yesterday's annual meeting that the company was ahead of last year, which eventually produced record taxable profits of £3.1m.

"James Halstead has started the year well with some significant new orders and product development," said Mr Vincent Clare, the chairman.

He added that Belstaff International, a subsidiary, had continued to improve and new products continued to sell well. With Conway's new products being well received, he said that "we are looking forward with confidence to another successful year."

Halstead, based in Manchester, is engaged in floor coverings, and weatherproof and leisure clothing.

Juliana's shares hit by warning

BY RICHARD TOMKINS

Juliana's Holdings, the international discotheque group, yesterday warned that pre-tax profits for the current year were likely to fall by about 50 per cent.

The shares, which earlier this year hit a high of 232p, closed 15p down at 75p, after touching a low of 73p.

Juliana's blamed larger than expected losses at the associate Supersport and sterling's strength on earnings from overseas discotheque contracts.

The core activity of Juliana's is operating discotheques in international hotels but it also has a 50 per cent stake in Supersport. This company operates gymnasiums in international hotels and own three night clubs, two in Hong Kong and one in Singapore.

Group profits in the year to last April were £1.54m. At this year's interim stage they rose by only £19,172 to £581,709 after losses of nearly £300,000 at Supersport. Start-up costs at night clubs were blamed but the group said these were being reduced monthly.

Mr Nick Irens, finance director of Juliana's, said yesterday that the night clubs had been expected to break even in October but losses had accelerated and the group expected to take a £750,000 share of them at the year end.

Management changes had been made in Hong Kong and the Singapore club would be closed if it was not making profits by the end of the month. Supersport would be breaking even from January 1, he said.

Jacques Vert coming to USM

BY RICHARD TOMKINS

Jacques Vert, a designer and manufacturer of women's fashion clothing, is coming to the unlisted securities market with a placing of 2.25m shares at 120p a share through brokers Simon & Coates.

The issue will give the company a market capitalisation of £10.94m at the placing price.

Jacques Vert makes co-ordinated suits and separates under its own label for distribution through department stores and selected high street shops. The company also retails its clothing through three shops of its own.

It was founded in 1972 by joint managing directors Mr Jack Cynamon and Mr Alan Green under the name Matthew Royce. It now has two adjoining factories in Washington, Tyne & Wear with further production coming from the Far East. There are 255 employees.

Losses of £364,000 for the year to January 1981 had been turned into profits of £647,000 in the year to last January on turnover up from £2.1m to £8.5m.

The company is forecasting profits of £1.65m for the current year, putting the shares on a prospective p/e ratio of 11.2 after an estimated 41 per cent tax charge. The gross yield on the forecast dividend will be £6.5 per cent.

The placing will raise £2.7m, of which about £2m will go to existing shareholders and the rest, after expenses, to the company.

Jacques Vert says the reason for the flotation is to enhance its commercial stature and facilitate growth through acquisition. Part of the proceeds will also be used to buy the freehold on its second Washington factory.

Meggitt £3.5m purchase and dividend return

Meggitt Holdings, a Poole-based engineering company which has been expanding rapidly through acquisitions, yesterday announced an agreement to buy the Holsworthy group, an electronic components manufacturer, for at least £3.5m. Further payments are dependent on Holsworthy's future performance.

Holsworthy produced pre-tax profits of £401,000 in the year to May 31 on turnover £13.18m. It employs 300 people and makes components for the professional and commercial electronic markets, with particular emphasis on precision metal film resistors and thick film micro circuits.

Meggitt coupled the announcement with news that it will be returning to the dividend list with a pay-out of 0.75p per share for the year ended October 31 1985.

It has been turned round from substantial losses in the early 1980s to profit under the management of Mr Ken Coates and Mr Nigel McCorkell, two former directors of Flight Refuelling.

It also bought several companies over the past year, including Negretti Holdings, which supplies engineering instrumentation to the defence industy, for £16m.

Meggitt said the acquisition of Holsworthy fitted in with its strategy of developing a broad-based engineering group.

Abbey in legal action

Abbey, the Irish-based house builder fighting a £24m bid from French Kier, the UK construction group, yesterday said it was taking legal proceedings against Kier's financial advisers over an advertisement which appeared in the Irish press this week.

The proceedings are being served on Morgan Grenfell and the Ulster Investment Bank.

Diamond bids for 61.5% stake in Thomson T-Line

MR JULIAN ASKIN and Mr Hugo Biermann, the two businessmen who were recently involved in an unsuccessful reverse takeover bid for Energy Services & Electronics, yesterday announced a conditional offer for a majority stake in Thomson T-Line, the publically-quoted loss-making timber merchant.

They are making a 50p per share offer to acquire 61.5 per cent of Thomson, shares of which rose 37p to close at 85p last night. They are using Diamond, a company controlled by family trusts, as a vehicle for the offer.

The two businessmen were involved last June in an unusual fiercely contested four-cornered takeover battle involving Bunzl, the paper group, Brammer, the bearings distributor, and ESE. Their attempt to buy ESE through a shell company, Peck Holdings, was thwarted after Brammer intervened with a higher bid. Brammer itself was bid for unsuccessfully by Bunzl.

Mr Biermann and Mr Askin are being advised by Hambros for their offer which is conditional on Diamond receiving Thomson's management accounts by January 25 1986, and auditors' confirmation of the value of the company's stocks. If the purchase of the Thomson shares is completed, Diamond, which reserves the right to waive this condition, will make an offer for the balance of the shares at 50p a share.

For the 12 months to May 1985, Thomson produced a pre-tax loss of £207,000 on turnover of £2.09m. The company last made a taxable profit in 1976.

Motor side holds back Longton Ind.

Longton Industrial Holdings lifted its turnover from £24.93m to £27.13m in the half year ended September 30 1985, but the pre-tax profit remained at £562,000 (£560,000).

Progress has been maintained in steel stockholding and engineering supplies, and there are positive signs of improvement in the transport, storage and distribution division, the directors report.

However, commercial vehicle sales are still depressed and the new franchise at Stafford has yet to make a contribution, producing disappointing results for the motor side.

The profit was struck after interest of £435,000 (£412,000). Tax takes £112,000 (£113,000) to leave the net balance at £450,000 (£447,000) for earnings of 6.5p (6.3p). The interim dividend is again 1p net—the previous final was 2p when the year's pre-tax profit came out at £1.15m.

Negotiations are in hand with the London Docklands Development Corporation prior to submitting a planning application for residential development of the group's premises in that area with a view to realising its full potential.

John Michael advances

THE EXPANDING retail shop design group John Michael Design is well on the way to meeting its profit forecast of £450,000 for the year to March 31 1985.

And a proposed move to larger premises, coupled with the current high inquiry rate particularly in leisure and shopping precinct areas, will mean an exciting future for the company, says the chairman, Mr David Callcott.

In July 37 per cent of the equity was placed on the USM. The group's clients include multiples such as Debenhams, Selfridges, Snob, Visionhire and Hornes; it also designs precincts, shopping malls and public areas, which it looks upon as a growth sector.

Reporting on the half year ended September 30 1985, Mr Callcott says turnover rose 32 per cent to £547,000 and the gross profit increased 7 per cent to £349,000. With net interest received £29,000 (paid £3,000) and expenses £188,000 (£176,000), the pre-tax profit is ahead by 29 per cent from £147,000 to £190,000.

After tax £76,000 (£52,000) the net profit comes through at £114,000 (£95,000) for earnings of 1.75p (1.27p) per share. The interim dividend is 0.4p net.

SAC Intl. allotments

The offer for sale by SAC International was oversubscribed 3.3 times. Applications totalled 2,939 for 22,792,300 shares, employees applied for 93,800 and will receive those in full.

Of the remaining shares, applications for 100 and 200 will receive 100 shares; 300 to 500 get 150 shares; and 600 to 1,000 receive 200 shares. Applications for 1,500 and over get 18.4 per cent of the amount asked for up to a maximum of 350,000 shares. Dealings start on December 12.

SAC is a design engineering group, serving mainly the aerospace, defence and electronics industries. It offered 4.4m shares on the USM at 100p each, giving it a capitalisation of £12.4m. Some 650,000 were sold by the three founders of the company and 1.35m by Ethergen, a Dutch investment concern, which reduces its holding from 50 per cent to 29.1 per cent.

Kelvin Watson bid talks

R. Kelvin Watson, the Manchester-based optician, is holding talks which may lead to an offer being made for the company.

Yesterday's announcement, which accompanied a poor set of interim figures, sent the shares up 21p to 245p valuing the company at £7.35m. Over one-third of the shares are held by directors and family interests.

Mr Geoffrey Watson, the chairman, disappointed by the results says that trading was hit by increased competition and that "there is no evidence to suggest that the total market has grown correspondingly."

Pre-tax profits fell from £182,390 to £75,480 over the six months to end-September, 1985, with margins being reduced from just under 4 per cent to under 1.5 per cent.

The interim dividend has been cut from 1.3p to 0.5p and the board will review its policy on the final dividend when the year's outcome is known.

Turnover was higher at 5.21m, against £4.61m, but retail outlets suffered from the trend towards lower priced spectacles. Earnings per share fell by 1.6p to 1.12p per 10p share.

Management buys out Re-Chem

The BET Group has disposed of Re-Chem International, its chemical waste disposal subsidiary, with plants in Fawley (Hampshire) and Pontypool (South Wales) for £1.6m, in a management buy out backed by Barclays Bank and a group of City institutions.

Mr Malcolm Lee, managing director of Re-Chem, where operations have aroused the concern of local environmental protection groups, and which last year closed its Scottish plant, says the buy out signalled Re-Chem's intention of consolidating its position, as "a world leader in waste technology."

The buy out ended some weeks of speculation over the company's future. It intended to continue burning chemical waste including PCBs. But at the same time, it hoped to diversify into other waste disposal activities, Mr Lee stressed.

He revealed that the company would be seeking Government grants towards a £2m project, to reduce still further partical and plume emission from the Pontypool stack.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Alpine Drinks	int.	0.6	Jan 20	0.6	—	1.8
Edbro	int.	2.5	Feb 7	2	—	6.5
Holden Hydroman	int.	0.98‡	Jan 17	0.98	—	3.25
Longton Industrial	int.	1	Feb 28	1	—	3
John Michael	int.	0.4‡	Jan 31	—	—	—
Shires Invest. sec.	int.	2.5	Jan 31	1.5	—	12.5
John Waddington	int.	13	Jan 29	12	—	24
R. Kelvin Watson	int.	0.5	Feb 7	1.3	—	4.25

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section	Fri Dec 6 1985 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Thurs Dec 5 Index No.	Wed Dec 4 Index No.	Tues Dec 3 Index No.	Year ago (approx.) Index No.	1985 High		1985 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (220)	572.03	+0.5	10.03	4.02	12.49	14.74	569.19	574.60	580.61	544.93	587.25	25/11	483.30	25/7	587.25	25/11/85	50.71	13/12/74
2	Building Materials (23)	630.69	+0.7	10.57	4.30	11.81	15.38	626.07	630.33	635.50	500.30	651.74	26/11	472.11	26/2	651.74	26/11/85	44.27	11/12/74
3	Contracting, Construction (28)	929.72	+0.2	10.40	4.62	12.39	28.48	927.51	940.21	944.12	709.44	963.49	30/10	684.17	8/3	963.49	30/10/85	71.48	2/12/74
4	Electricals (13)	1568.14	−0.2	9.53	4.83	13.42	51.46	1570.60	1588.65	1584.74	1,618.52	1701.64	22/1	1289.36	10/7	1909.93	3/6/83	84.71	25/6/62
5	Electronics (39)	1437.57	+1.4	10.36	3.17	12.66	31.57	1417.72	1435.57	1474.40	1971.81	1977.60	9/1	1229.01	8/10	2099.05	13/11/84	1229.01	8/10/85
6	Mechanical Engineering (61)	326.37	+0.2	10.60	4.46	11.46	9.34	325.58	327.73	327.32	264.17	336.97	25/11	265.85	25/7	336.97	25/11/85	45.43	5/1/75
8	Metals and Metal Forming (7)	238.38	+0.8	9.24	6.85	13.20	7.73	236.59	239.52	240.54	156.25	249.75	27/11	165.08	14/1	249.75	27/11/85	49.65	6/1/75
9	Motors (17)	199.07	+0.4	12.11	4.43	9.95	5.75	198.18	199.58	197.98	135.33	208.01	22/11	142.57	3/1	208.01	22/11/85	19.91	6/1/75
10	Other Industrial Materials (20)	988.78	−0.6	7.57	3.65	15.86	24.10	995.24	1003.71	1015.77	778.60	1059.62	22/11	828.60	3/1	1059.62	22/11/85	277.56	15/1/81
21	CONSUMER GROUP (176)	767.82	+0.6	8.50	3.58	14.72	17.57	763.53	767.01	772.13	588.95	790.71	29/11	604.96	3/1	790.71	29/11/85	61.41	13/12/74
22	Brewers and Distillers (23)	779.09	+0.4	9.36	3.91	13.55	15.85	776.25	778.85	794.37	542.02	816.65	25/11	550.86	3/1	816.65	25/11/85	69.47	13/12/74
25	Food Manufacturing (22)	562.63	−0.2	10.64	4.43	12.08	16.75	563.78	569.83	572.12	462.96	590.26	29/11	471.62	25/7	590.26	29/11/85	59.67	11/12/74
26	Food Retailing (14)	1768.92	−0.6	5.95	2.55	22.88	23.60	1780.15	1807.88	1807.59	1424.82	1852.45	29/11	1400.36	1/3	1852.45	29/11/85	54.25	11/12/74
27	Health and Household Products (9)	1213.82	+1.4	6.31	2.70	18.60	23.08	1196.71	1192.60	1201.67	994.34	1213.82	6/12	980.65	11/4	1213.82	6/12/85	175.38	28/5/80
29	Leisure (24)	768.15	+1.6	7.30	4.34	17.47	23.67	756.29	766.68	770.53	655.57	778.92	25/11	590.69	12/7	778.92	25/11/85	54.83	9/1/75
32	Newspapers, Publishing (11)	1869.60	—	7.23	5.23	17.48	58.54	1869.98	1879.24	1880.36	1389.48	1924.08	1/11	1445.15	3/1	1924.08	1/11/85	55.08	6/1/75
33	Packaging and Paper (13)	375.73	−0.5	9.26	4.11	12.96	10.82	377.48	378.29	373.11	270.07	380.46	28/11	286.36	3/1	380.46	28/11/85	43.46	6/1/75
34	Stores (41)	791.09	—	6.73	2.76	20.06	14.90	791.44	793.59	796.35	515.89	834.96	25/11	529.47	19/2	834.96	25/11/85	52.63	6/1/75
35	Textiles (16)	387.26	+1.0	11.47	4.43	9.89	10.96	383.25	389.12	390.29	278.81	397.45	29/11	293.07	3/1	397.45	29/11/85	62.66	11/12/74
36	Tobaccos (3)	825.78	+3.7	15.97	5.44	7.15	30.77	796.62	789.67	801.53	827.02	1010.69	8/2	714.72	26/9	1010.69	6/2/85	94.34	13/6/62
41	OTHER GROUPS (98)	716.95	−0.1	9.13	4.05	14.15	15.99	717.98	722.57	730.43	568.54	742.63	25/11	605.99	3/1	742.63	25/11/85	58.63	6/1/75
42	Chemicals (18)	715.20	−0.6	14.03	5.42	9.42	26.47	719.35	723.90	728.53	664.86	832.26	22/2	645.96	26/9	832.26	22/2/85	71.20	1/12/74
44	Office Equipment (4)	223.63	+0.5	7.12	3.92	16.75	6.20	222.44	226.93	226.57	143.47	230.66	6/11	154.76	3/1	246.06	1/9/72	45.34	2/1/75
45	Shipping and Transport (10)	1338.94	+1.5	7.41	4.10	16.49	40.16	1318.72	1330.25	1351.78	911.40	1382.17	29/11	958.08	3/1	1382.17	29/11/85	90.80	29/6/62
46	Miscellaneous (64)	882.01	−0.5	7.67	3.76	16.01	17.44	886.61	892.62	900.91	751.80	917.43	22/11	787.98	26/7	917.43	22/11/85	60.39	6/7/75
48	Telephone Networks (2)	908.78	—	8.31	3.64	16.00	14.38	908.78	913.19	926.01	657.34	942.07	21/11	781.92	3/1	942.07	21/11/85	517.92	30/11/84
49	INDUSTRIAL GROUP (482)	710.94	+0.4	9.03	3.81	13.97	16.66	708.35	712.76	718.95	582.42	731.27	25/11	599.75	3/1	731.27	25/11/85	59.01	13/12/74
51	Oils (18)	1124.10	+1.3	16.74	7.79	7.32	60.66	1109.20	1106.81	1122.75	1095.91	1239.75	15/2	1042.21	3/1	1239.75	15/2/85	87.23	29/5/62
59	500 SHARE INDEX (500)	746.52	+0.5	9.94	4.27	12.62	20.19	742.96	746.86	753.84	625.33	771.36	25/11	636.98	3/1	771.36	25/11/85	63.49	13/12/74
61	FINANCIAL GROUP (116)	515.36	+0.3	—	4.72	—	16.39	513.58	518.45	521.67	416.50	536.82	21/11	430.10	4/1	536.82	21/11/85	55.88	13/12/74
62	Banks (6)	518.06	+0.8	17.76	5.75	8.05	20.18	514.00	518.04	527.42	410.43	554.06	25/11	420.58	15/4	554.06	25/11/85	62.44	12/12/74
65	Insurance (Life) (9)	807.11	−0.3	—	4.21	—	23.40	809.60	821.95	821.74	549.60	832.57	29/11	580.95	4/1	832.57	29/11/85	44.88	2/1/75
66	Insurance (Composite) (7)	394.88	−0.3	—	4.99	—	13.79	396.03	398.42	400.94	307.99	418.00	21/11	303.16	25/2	418.00	21/11/85	43.96	13/12/74
67	Insurance (Brokers) (8)	1140.01	−0.2	7.42	3.79	18.03	30.76	1142.72	1163.73	1168.14	942.70	1248.70	15/3	1009.26	25/7	1248.70	15/3/85	66.86	16/12/74
68	Merchant Banks (11)	282.04	+1.2	—	3.67	—	6.42	278.68	282.17	283.42	211.73	290.23	18/11	220.65	3/1	290.23	18/11/85	31.21	7/1/75
69	Property (51)	678.47	+0.9	5.72	3.63	23.45	15.45	672.72	676.45	678.02	633.28	699.58	13/11	585.78	10/7	699.58	13/11/85	56.01	20/4/65
70	Other Financial (24)	299.79	+0.4	10.20	5.70	12.11	11.59	298.68	301.83	300.48	253.91	312.36	11/11	261.32	26/7	312.36	11/11/85	33.29	17/12/74
71	Investment Trusts (105)	631.72	+0.2	—	3.45	—	14.41	630.30	632.28	630.28	546.71	643.86	25/11	557.78	31/7	643.86	25/11/85	71.12	13/12/74
81	Mining Finance (3)	249.94	+1.1	13.38	6.22	8.69	10.48	247.34	244.62	245.89	274.95	311.08	15/4	240.20	5/8	337.57	10/4/84	66.31	30/9/74
91	Overseas Traders (14)	587.43	+1.4	13.32	6.97	8.93	29.15	579.09	579.85	580.02	598.20	687.15	22/1	562.27	15/10	687.15	22/1/85	97.37	6/1/75
99	ALL-SHARE INDEX (738)	679.09	+0.5	—	4.35	—	18.96	675.97	679.76	685.29	569.86	702.06	25/11	581.88	3/1	702.06	25/11/85	61.92	13/12/74

	Index No.	Day's Change	Day's High	Day's Low	Dec 5	Dec 4	Dec 3	Dec 2	Nov 29	Year ago	1985 High		1985 Low		Since Compilation High		Since Compilation Low	
FT-SE 100 SHARE INDEX	1401.9	+6.6	1401.9	1392.1	1395.3	1399.6	1415.6	1418.5	1439.1	1190.1	1455.5	25/11	1206.1	3/1	1455.5	25/11/85	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Dec 6	Day's change %	Thurs Dec 5	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	118.96	+0.01	118.95	—	10.67
2	5-15 years	132.97	+0.01	132.95	—	12.17
3	Over 15 years	138.59	−0.01	138.61	—	11.77
4	Irredeemables	150.67	—	150.67	—	13.57
5	All stocks	130.67	+0.01	130.66	—	11.72
6	Debentures & Loans	111.42	−0.18	111.63	—	11.59
7	Preference	81.97	−0.31	82.22	—	6.41
	BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8	All stocks	110.08	−0.01	110.09	—	2.69

	AVERAGE GROSS REDEMPTION YIELDS		Fri Dec 6	Thurs Dec 5	Year ago (approx.)	1985 Highs		1985 Lows	
	British Government								
1	Low	5 years	10.06	10.04	10.20	11.56	28/1	9.75	18/10
2	Coupons	15 years	10.23	10.22	10.18	11.20	28/1	9.98	18/10
3		25 years	10.24	10.23	9.72	10.72	29/1	10.00	18/10
4	Medium	5 years	11.01	10.98	10.91	12.39	28/1	10.58	4/10
5	Coupons	15 years	10.58	10.57	10.55	11.63	28/1	10.30	18/10
6		25 years	10.20	10.19	9.97	10.97	29/1	9.96	18/10
7	High	5 years	11.09	11.07	10.96	12.53	28/1	10.65	4/10
8	Coupons	15 years	10.72	10.71	10.71	11.76	28/1	10.43	18/10
9		25 years	10.37	10.35	10.09	11.03	29/1	10.09	29/7
10	Irredeemables†		9.75	9.74	9.68	10.49	28/1	9.58	18/10
11	Debs &	5 years	11.35	11.26	11.34	12.63	29/1	11.06	10/10
12	Loans	15 years	11.29	11.26	11.40	12.37	29/1	11.04	21/10
13		25 years	11.29	11.26	11.40	12.37	29/1	10.99	21/10
14	Preference†		11.86	11.82	12.65	13.14	29/1	11.73	25/10
	BRITISH GOVERNMENT INDEX-LINKED STOCKS								
15	Inflation rate	5%	3.70	3.69	3.28	3.72	16/7	3.11	11/3
16		10%	3.52	3.51	3.11	3.55	14/11	2.94	11/3

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Health/Household Products	30/12/77	261.77	Mining Finance	29/12/67	100.00
Other Groups	31/12/74	63.75	All Other	10/04/62	100.00
Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Mechanical Engineering	31/12/71	153.84	Do. Index-linked	30/04/82	100.00
Office Equipment	16/01/70	162.74	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72
Other Financial	31/12/70	128.06	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

CONSTITUENT CHANGES: United Parcels (45) has been deleted and replaced by Sale Tilney (46)—Investors Capital Trust (71) has also been deleted but not replaced.

Singapore stock market stages modest recovery after steep fall

BY CHRIS SHERWELL IN SINGAPORE AND WONG SULONG IN KUALA LUMPUR

SHARES on the Singapore and Kuala Lumpur stock exchanges managed to claw beck about a *quarter of* Thursday's record losses yesterday, the second day of trading after an unprecedented three-day suspension.

In Singapore, the OCBC index of 55 stocks rose 16.42 points to 468.33, while the more widely-watched Straits Times index of 30 top industrial issues rose 21.68 to 631.22. Both finished well off their midday highs.

In Malaysia, where the Kuala Lumpur Stock Exchange index showed a similar 12.83-point rise to 411.49, there were fresh government moves to prop up the stock market, in line with a policy followed for most of this year.

Bank Negara, the central bank, instructed banks and financial institutions not to ask clients to top up their *margins on loans using shares* as collateral. They were also asked not to stop clients drawing down their credit lines when share values fell.

Mr Daim Zainuddin, Malaysia's Finance Minister, announced separately that commercial banks could now lend money to institutional investors up to the full value of their purchases.

In Singapore, it became clear that Associated Asian Securities, one of the island state's 24 stockbrokers, would become the first institutional casualty of the affair. For the second day it failed to trade on the exchange floor, amid reports that the authorities were arranging a rescue in the form of a takeover of its management by the stock exchange.

Although no confirmation was immediately available from the exchange, Mr Lim Choo Peng, its chief executive, was said to have accepted a request from Associated Asian to this effect.

The firm was believed to have been active in forward share dealings which have in *part precipitated the crisis.*

In addition, Associated Asian had indirect links with Pan-Electric Industries, the company at the centre of these dealings and which was placed in receivership last month. Mr Peter Tham held board positions on both companies until recent months. He is believed to have left Singapore.

Mr Daim, in his statement from Kuala Lumpur, asserted meanwhile that the majority of quoted Malaysian companies were fundamentally strong, and predicted that the market would recover next week.

This view is disputed by many investment analysts and economists. Despite the evidence of buying interest yesterday, they said the rise was partly technical and cautioned against concluding that the recent falls in the market were at an end.

"This is what we call a 'dead cat bounce'," one broker said flatly. Another maintained that further developments were yet to come. "We should have seen more panic than we have," he said.

One foreign investment institution said overseas buyers were not back in the market yet and would not be for some time. "It is not the wipe-out in share prices that worries us. That has been long awaited. 'It is the closure of the market. Institutional investors hate the suspension of one counter, let alone a whole exchange," he said.

Trading on the two linked exchanges was halted last Sunday, because of fears of a chain of defaults by broking firms following the placing in receivership of Pan-Electric, a marine salvage, hotel and property concern.

Pan-Electric collapsed because it was unable to meet commitments to purchase S$140m-worth of shares in two Malaysian companies. This threatened local brokers with heavy losses and incalculable knock-on effects.

Analysts pointed out that many forward share contracts would be falling due over the next few weeks. They also said further forced selling was likely when banks in Singapore work out which of their clients are in trouble over their share transactions.

On the other hand volume yesterday, at 20.2m shares, was better than on Thursday, and there was some reasonable two-way trade despite the heavy constraints on the operations of the market. Trading is currently on an immediate basis only, requiring scrip physically to be delivered within 24 hours.

This means foreign sellers have tended to stay on the sidelines because they cannot deliver their shares, and speculative interest is virtually zero. Most expect the ruling to remain in place for some time.

Massey plan sparks share rise

BY BERNARD SIMON IN TORONTO

MASSEY-FERGUSON A and B preferred shares have risen strongly following a statement from the troubled Canadian farm equipment group that it was hopeful a restructuring plan could be implemented early next year.

The shares, on which dividends have not been paid since the middle of 1982, were trading yesterday at C$17 apiece, up from Monday's quotation of C$14.

Massey said on Thursday that key parts of "a comprehensive financial and operational restructuring plan" remain to be finalised. It was "cautiously *hopeful*" that the plan, which has been under discussion for some time, will be implemented in early 1986.

Numerous plant closures and other cost-cutting measures have brought Massey to the brink of profitability. Net losses in the six months to July 31 were US$5.5m on sales of US$679m.

But the unremitting decline in the North American farm equipment market has prevented Massey from meeting numerous obligations agreed with lenders and shareholders during previous refinancings in 1981 and 1983. The company has renegotiated various covenants on an *ad hoc* basis in the past year, covering subsidiaries' net worth and working capital requirements.

In terms of the earlier refinancing arrangements, a number of large creditors, including Canadian Imperial Bank of Commerce, Royal Bank of Canada, the Canadian Government and Britain's Export Credit Guarantee Department, have become shareholders in Massey.

The company's bargaining position is weakened by the fact that almost all its debt falls due within the next five years, while virtually all its assets have already been pledged as collateral to lenders. The current portion of long-term debt stood at US$103m July 31, up from US$47m at the end of January.

Swedish financier in UK move

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

MR ERIK PENSER, the Swedish financier, has applied to the Swedish central bank for permission to move the shares in Yggdrasil, his holding company, to the UK.

Through Yggdrasil Mr Penser holds dominant stakes in Nobel Industries—formerly the Bofors and KemaNobel armaments and chemicals group—Saba, a leading retailing and wholesaling group, and Carnegie, a major investment company.

Mr Penser said yesterday that he intended to use the Yggdrasil shares as colateral to finance purchase of "a small company in the UK." Hitherto, Mr Penser's only UK business interests have involved a 50 per cent stake in TIL Medical, a small pharmaceuticals consulting and manufacturing company.

He maintained that UK banks would "feel happier" to have the shares deposited in the UK, and denied that the move was for tax reasons. Yggdrasil's Swedish share portfolio, was currently worth some SKr 2.7bn ($353m), said Mr Pener, while the company had total debts of around SKr 1.4bn.

Mr Penser, who has been domiciled in the UK since 1976, has in recent months been forced to sell part of his assets and reorganise his newly-acquired empire in order to reduce the debt burden on his master company. Mr Penser said he had no plans to sell Yggdrasal. The assets would remain in Sweden and the holding company would continue to be incorporated in Sweden.

Sharp fall in Plate Glass profits

BY JIM JONES IN JOHANNESBURG

PLATE GLASS and Shatterprufe Industries (PGSI), the geographically diversified South African glass and building products distributor, increased turnover by more than a third but suffered a sharp profit reduction in the six months to September.

Sales rose to R762.2m ($276.2m) from R559.8m while pretax profits dropped to R39.7m from R51.3m.

Turnover totalled R1.15bn in the year to March and pre-tax profits were R83.7m.

The directors said the South African operations suffered as the recession affected demand from the motor and building industries. Foreign interests, which are mainly in Australia, are becoming increasingly important and contributed 40 per cent of the half-year's earnings, they added.

The interim dividend has been maintained at 35 cents although earnings fell to 88.4 cents a share from 107.0 cents. Earnings were 200.7 cents a share in the last financial year

LONDON TRADED OPTIONS

Option		Calls Jan.	Calls Apr.	Calls July	Puts Jan.	Puts Apr.	Puts July
B.P. (*553)	500	67	77	—	3	12	—
	550	29	40	55	15	34	38
	600	7	18	27	50	63	63
Cons. Gold (*479)	460	43	53	65	12	30	37
	500	19	26	35	42	67	62
	550	7	14	22	84	92	85
	600	1	—	—	—	—	—
Courtaulds (*187)	140	49	53	57	1	1	1½
	160	30	33	37	1	3	5
	180	11	19	24	5	7	10
	200	5	10	13	18	20	22
Com. Union (*223)	200	28	34	—	2	4	—
	220	13	21	27	8	11	14
	240	6	13	19	20	26	29
	260	2	7	12	40	44	46
Distillers (*493)	460	45	57	68	5	8	11
	500	22	35	47	23	33	35
	550	6	15	18	60	65	63
G.E.C. (*174)	140	38	46	—	1½	3	..
	160	24	32	40	4	7	9
	180	13	18	26	15	15	18
	200	4	7	—	30	30	—
Grand Met. (*365)	330	45	52	62	2	7	9
	360	25	32	45	10	15	22
	390	9	16	27	28	32	38
I.C.I. (*707)	600	117	135	135	1½	5	9
	650	75	82	84	10	19	30
	700	30	40	52	23	45	55
	750	10	18	27	55	70	77
	800	3	—	—	102	—	—
Land Sec. (*305)	260	58	—	—	1½	—	—
	280	32	41	—	1½	3	—
	300	18	26	36	7	10	13
	330	2½	12	15	26	27	29
Marks & Sp. (*181)	140	43	48	—	1	2	—
	160	24	30	34	2	4	6
	180	9	17	18	8	12	16
	200	2½	8	11	24	25	27
Shell Trans (*643)	650	25	40	53	18	33	38
	700	8	16	27	58	63	65
	750	1½	8	—	108	113	—
Traf'gar Hse (*364)	330	35	45	53	3	7	9
	360	17	25	35	12	15	17
	390	7	10	21	33	33	35
	420	2	4	9	62	62	65

Option		Calls Feb.	Calls May	Calls Aug.	Puts Feb.	Puts May	Puts Aug.
BAT Inds (*272)	260	32	42	—	6	8	—
	280	22	30	33	14	20	25
	300	11	17	25	25	28	38
	330	2½	9	—	55	55	—
Barclays (*434)	380	85	90	—	2	4	—
	390	55	65	—	5	8	..
	420	40	47	60	12	17	22
	460	18	25	37	30	42	47
Brit. Aero (*465)	380	85	92	—	1	2	—
	420	55	65	78	6	13	18
	460	38	50	58	18	26	32
	600	15	25	33	45	48	53
BritTelecom (*198)	160	42	—	—	0½	—	—
	180	22	30	36	2	4	6
	200	9	14	20	3½	10	13
	230	3	7	11	25	23	25
Imperial Gr. (*234)	160	84	87	—	1	1	—
	180	64	67	—	1	1	—
	200	46	49	51	2	3	4
	220	28	33	38	9	12	15
	240	17	23	26	17	22	28
LASMO (*223)	220	30	40	45	15	30	22
	240	18	30	36	22	38	33
	260	12	20	25	37	42	45
	280	7	13	16	57	60	68
	300	4	9	..	77	80	—
LONRHO (*196)	140	60	62	—	1	1½	—
	160	40	42	44	0¼	2	5
	180	23	26	28	5	8½	11
	200	11	15	17	12	18	12

Option		Calls Feb.	Calls May	Calls Aug.	Puts Feb.	Puts May	Puts Aug.
P. & O. (*435)	360	87	—	—	1	—	—
	380	58	63	—	2	3	—
	420	40	45	60	10	14	20
	460	18	25	28	30	35	40
Racal (*166)	120	50	55	—	1	2	—
	150	40	46	54	8	4	7
	140	30	36	44	5	5	11
	160	16	25	32	12	15	18
	180	8	13	—	20	24	—
	200	4	—	—	34	—	—
R.T.Z. (*518)	500	38	57	67	13	23	37
	550	18	30	40	45	50	67
	600	5½	16	—	87	80	—
Vaal Reefs (*66)	60	11	14½	16½	4½	6½	9
	70	6	8½	10	3	11½	13½
	80	2	4¼	..	15½	18½	..
	90	1	—	—	25	—	..
Ex 10% 1989 (*£97)	96	1½	—	—	0½	—	—
	98	0½	..	—	1½	—	—
	100	0½	—	—	3½	—	—
Tr. 11¾% 1991 (*£103)	102	—	1½	1½	—	0½	0½
	104	—	0½	0½	—	1½	1½
	106	—	0½	0½	—	3½	3½
Tr. 11¾% 03/07 (*£110)	108	2½	3½	—	0½	0½	—
	110	1½	2½	2½	1½	1½	1½
	112	0½	1½	1½	2½	2½	2½
	114	0½	0½	1½	4½	4½	4
GKN (*253)	240	18	34	34	2	6	10
	260	4	16	24	16	18	21
	280	1	8	13	32	34	37
Glaxo (*1545)	1450	105	185	230	6	30	50
	1500	65	150	185	17	40	70
	1550	35	125	155	35	65	90
Hanson (*206)	180	28	35	42	1	5	8
	195	14	—	—	2	—	—
	200	—	22	28	—	11	14
	215	3	—	—	14	—	—
	220	—	13	16	—	23	25
	235	1	—	—	32	—	—
Jaguar (*517)	260	62	68	75	1	2	4
	280	42	48	57	1	5	8
	300	23	35	45	4	13	16
	330	4	21	26	20	23	29

Option		Calls Dec.	Calls Mar.	Calls June	Puts Dec.	Puts Mar.	Puts June
BTR (*338)	300	40	60	67	2	10	15
	330	17	39	47	10	18	23
	360	7	20	—	28	32	—
	390	2½	—	..	57	..	—
Beecham (*353)	350	15	—	—	7	..	—
	360	—	23	32	..	23	27
	375	4	—	—	25	—	—
	390	2	15	25	40	45	47
Bass (*622)	550	137	152	167	1½	4	5
	600	87	102	117	1½	6	10
	650	40	57	77	7	20	25
	700	6	30	42	30	45	50
De Beers (*$460)	420	65	90	105	3	10	23
	460	33	60	75	13	30	35
	500	11	40	50	35	50	60
	550	3	28	—	—	—	—
Thorn EMI (*417)	360	60	72	85	1½	6	8
	390	30	47	63	3	13	18
	420	9	25	40	18	27	35
Tesco (*285)	256	30	—	—	1	—	—
	260	—	40	45	—	6	8
	280	10	23	32	6	13	14
	300	2	13	20	13	26	30

Option		Calls Dec.	Calls Jan.	Calls Feb.	Calls Mar.	Puts Dec.	Puts Jan.	Puts Feb.	Puts Mar.
FT-SE Index (*159)	1350	62	70		—	3	10		—
	1375	43	52	60	67	6	20	25	27
	1400	23	35	45	54	14	27	34	37
	1425	13	23	33	40	27	40	47	52
	1450	4	13	23	32	52	55	62	70
	1475	2	7	12	—	77	77	84	—

December 6 Total contracts 16,076 Calls 12,284 Puts 3,792
*Underlying, security price

Munich Re's underwriting loss stays high

By Our Financial Staff

MUNICH REINSURANCE expects underwriting losses in the year ending June 1986 to be at least as big as last year's DM 443.9m ($177m).

Mr Horst Jannott, the managing board chairman, told the annual meeting, however, that investment earnings would show a marked rise and there was at present no threat to the group's DM 9 a share dividend.

Overall general non-underwriting business, much of which comprises investments, showed a DM 609m profit in 1984-85. Munich Re's net profit last year was DM 44.7m

Mr Jannott said underwriting business would be hit by a series of natural disasters, plane crashes and other major losses that occurred in 1985. For last year, gross premium income totalled DM 11.02bn.

Third-quarter setback for East Asiatic

By Hilary Barnes in Copenhagen

EAST ASIATIC Company the big Danish industrial group failed to meet its third-quarter earnings targets, mainly because of the strengthening of the Danish krone against the dollar. However, the group said earnings for the first nine months of 1985 were up on last year and it expects to reach its forecast of profits on ordinary activities of DKr 400m ($43.8m).

The group's objectives for 1986 is a profit of at least DKr 500m, it said.

A marked reduction to total debt has been achieved by stricter control of inventories and debt, bringing about a substantial improvement in equity financing.

The graphics, trade and industry, and timber divisions are expected to make *improved profits this year* while those of the liner and non-liner shipping and information technology divisions will be lower than last year.

● Baltica, the Danish insurance group, said 1985 operating earnings will be weaker than previously forecast. In a half-year interim report Baltica had said net earnings would be somewhat better than last year's DKr 143m.

Kaiser Aluminum receives $880m buyout offer

BY PAUL TAYLOR IN NEW YORK

KAISER ALUMINUM and Chemical, the third largest US aluminium producer, has received a formal leveraged buyout bid from an investor group led by Mr Joseph A. Frates, an Oklahoma businessman, which is valued at about $880m.

The offer, worth $20 a share, *comprises* $7 in cash and $13 in securities for each of Kaiser's 43.8m outstanding shares.

The Frates group said it hopes to make a friendly acquisition, but added that if the offer is not taken seriously the group would wage a proxy battle to remove Kaiser's directors and "take our proposal directly to the stockholders."

The Group also invited several Kaiser executives to remain but made it clear that if successful, it plans to sell off some of Kaiser's assets—refocusing the group into a "core aluminium fabricating, industrial chemical and real estate concern" — and reducing Kaiser's $1.3bn long debt by about $1bn over the next few years.

According to a US Security and Exchange Commission filing earlier this week the investor group has already built up a 5.3 per cent stake in Kaiser and controls an additional 4.1 per cent.

Oakland-based Kaiser has yet to respond to the unsolicited bid. However, the company has already termed the investor group's interest in it unwelcome.

Kaiser Aluminum posted a third quarter net loss of $17.7m on revenues of $526.4m compared to a net loss of $73.2m on sales of $548.8m a year earlier. In the first nine months this year, the group's net losses totalled $50.4m on sales of $1.52bn, compared with a net loss of $26.1m on sales of $1.26bn in the 1984 period.

Southeast, Barnett bank merger talks break down

BY WILLIAM HALL IN NEW YORK

PLANS TO create the biggest banking group in the south-eastern part of the US have collapsed following the breakdown of merger talks between Southeast Banking Corporation and Barnett Banks of Florida, two of Florida's biggest banking groups.

The Miami-based Southeast, which had first revealed that it was having talks with Barnett following unusual trading activity in its stock last month, announced late on Thursday that it had ended its discussions with the Jacksonville-based group.

Southeast, which is smaller and less profitable than Barnett, has had merger talks before with other banks in the south-east. These have come to nothing so analysts were not surprised by the latest announcement. Nevertheless, Southeast's shares, which had jumped following the announcement of a possible merger, fell $2¾ to $34¼ in heavy trading yesterday.

Bouygues buys TV stake

BY PAUL BETTS IN PARIS

BOUYGUES, France's largest construction group with annual sales of FFr 25bn ($3.25bn) is diversifying into the new French private television market by acquiring a majority stake in Satellite Television (STV), a music and fiction television system to serve the country's new cable networks and local over-the-air television stations.

STV will transmit its programmes from the Telecom 1 satellite to cable networks and new local television stations due to be set up under the country's broadcasting deregulation and cable programmes. It has already reached agreements with the UK Music Box channel and the TV Globo Brazilian network to distribute their programmes in France.

Bouygues is also studying the start up of its own local television network for the Paris region. This, coupled with the controlling stake in STV, reflects the large construction group's efforts to diversify into promising new business sectors as well as extending its construction and engineering know-how for cable networks.

EUROPEAN OPTIONS EXCHANGE

Series		Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD C	$320	—	—	—	—	1	30	$323.10
GGLD C	$340	18	4	30	10	23	16	"
GOLD P	$300	—	—	—	—	20	4.90	"
GOLD P	$320	—	—	30	2	—	—	"
		Dec.		March		June		
£FR C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
£FR C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
£FR C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
£FR P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
$FL C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
$FL C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
$FL C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
$FL C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
$FL C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
$FL P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
$FL P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
$FL P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
$FL P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
$FL P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
$FL P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
$FL P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
$FL P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
$FL P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
		Jan.		Apr.		July		
ABN C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ABN P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AEGN C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AEGN P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AH C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AH P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AKZO C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AKZO P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AMRO C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AMRO P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GIST C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GIST P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HEIN C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HEIN P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HOOG C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HOOG P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
KLM C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
KLM P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NEDL C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NEDL P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NATN C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NATN P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
PETR C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
PETR P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
PHIL C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
PHIL P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
RD C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
RD C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
RD P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ROBE C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ROBE P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UNIL C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UNIL P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS: 27,960
A=Ask B=Bid C=Call P=Put

Gabbrielli to quit ENI finance post

By James Buxton in Rome

MR MARIO GABBRIELLI, the finance director of *ENI*, the Italian national energy company, is to leave his post as a result of the incident in July this year when an order for dollars by ENI sent the lira down 18 per cent against the US currency.

Mr Giovanni Cfecone, a senior member of ENI's finance department, is to replace Mr Gabbrielli.

The board of ENI, announcing Mr Gabbrielli's departure—he is to be made chairmen of an ENI subsidiary, Enichem Fibre — said that the corporation was to restructure its finance department and institute a unified foreign exchange balance-sheet, taking into account all the foreign exchange transactions of the group.

On July 17 *this* year Mr Gabbrielli ordered his subordinates to buy $125m that day to repay a loan due a few days' later. The Bank of Italy, knowing that it was due to request a devaluation of the lira in the European Monetary System later that day, asked ENI to postpone the operation, without explaining why.

But the message did not get through to Mr Gabbrielli and when ENI appeared in the market the Bank of Italy did not support the lira, which fell drastically against the dollar.

LADBROKE INDEX
1,119-1,123 (+8)
Based on FT Index
Tel: 01-427 4411

CONTRACTS

Australians win Boeing orders

The Boeing Commercial Airplane Company has awarded contracts worth about US$130m (£88m) to Australian aerospace firms to make Boeing 747 leading edge flaps, for delivery beginning late in 1987. The contracts were the largest ever placed wiht Australian firms for civil aircraft, a Boeing statement said. It *awarded the master* contract to HAWKER DE HAVILLAND, a 70 per cent-owned listed subsidiary of Hawker Siddeley Group of the UK. Major sub-contractors will be Hawker's Commonwealth Aircraft Corp company and the Government aircraft factories.

★

PATERSON CANDY INTERNATIONAL, a subsidiary of Portals Holdings, has been awarded a £4m contract to provide an extensive radio telemetry network to monitor a large part of Baghdad's water supply system. The scheme will incorporate data collection and transmitting equipment installed at nine reservoirs and pumping station sites, four treatment works and various administrative sites. The system will collect, analyse, collate and display plant-status data in the new command centre of Baghdad Water Supply Authority's headquarters. Its purpose is to provide supervising engineers with the current and historical data, and trends, necessary to control the entire water network.

★

OAKWOOD GROUP's civil and electrical engineering subsidiary Clough Smith has been awarded an overhead transmission line contract in Cumbria by the North Western Electricity Board valued at around £700,000.

★

CRITTAL TECTONIC has won contracts for patent glazing, worth *over £300,000. Over 1,000* sq metres of glazing together with smoke ventilators, smoke detection equipment and a pneumatic operating system for the smoke vents, total value £164,000, are being supplied to a shopping development in Peckham for which the contractor is Lemmington Estates, Peckham. Raked and vertical glazing covering 300 sq metres will enhance the entrance to a commercial development in Milton Keynes, incorporating *pneumatically-operated* top-hung ventilators and smoke detection equipment, in total worth £70,000. A £163,000 contract calls for the stripping-out and replacement of a six-storey office facade in Baker Street, as part of a project for which the contractor is Nico Construction. *The project is being undertaken* with 80 per cent of the building occupied.

★

SULZER BROS (UK), Farnborough, has been awarded a contract, valued at nearly £2m, to design and install mechanical services in three offices blocks in Blackfriars, London. The contract was awarded by Schal International who are construction managers for the complete refurbishment of 155,000 sq ft of office space for a joint venture consisting of Stockley, British Land and Barclays Bank Pension Fund. Sulzer is providing air conditioning, new plumbing, toilets and associated services. Completion is scheduled for April 1986.

★

Turkish Radio Television Corporation has placed a £2m order with HITACHI DENSHI and C. ITOH AND CO for 35 Hitachi computer auto set-up cameras to be delivered next spring.

★

FROUDE CONSINE, Worcester, a Babcock International company, has been awarded a US$2m (£1.3m) contract from Cummins Engines Company Inc SA, for an automated engine test facility. Apart *from being the first system* of its kind to be installed in the US, the contract is unique in that it involves the co-operation of three other Babcock companies. Froude Consine joined the Babcock Group earlier this year, along with its sister company, Froude Engineering Inc of Detroit — through which the Cummins contract was placed—and will supply and install the automated test equipment for six test cells. Babcock FATA, Milton Keynes, will supply a material handling package which includes five. Microtruk automated guided vehicles and a rig/derig conveyor system. The handling system installation and conveyor supply will be by Acco Babcock, Frederick, Maryland.

Over-the-Counter Market

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
148	120	Ass. Brit. Ind. Ord.	120xd	—	7.3	6.1	7.4	6.9
151	125	Ass. Brit. Ind. CULS	125	−1	10.0	8.0	—	—
77	43	Airsprung Group	63	—	8.4	10.2	10.5	13.7
46	28	Armitage and Rhodes	40	−1	4.3	10.8	4.2	6.0
167	108	Bardon Hill	164xd	—	4.0	2.4	20.8	21.6
64	42	Bray Technologies	53	—	3.9	7.4	8.5	7.5
201	142	CCL Ordinary	142	—	12.0	8.5	3.6	3.3
152	102	CCL 11pc Conv. Pf.	102	—	15.7	15.4	—	—
130	10	Carborundum Ord.	117	—	4.8	4.2	5.8	9.0
94	83	Carborundum 7.5pc Pf.	94	—	10.7	11.4	—	—
73	46	Deborah Services	58	—	7.0	12.1	6.0	7.9
32	21	Frederick Parker	21	—	—	—	—	—
83	33	George Blair	71	—	—	—	2.9	6.3
50	20	Ind. Precision Castings	50	—	3.0	6.0	13.2	11.0
218	176	Isis Group	176	—	15.0	8.5	13.5	20.2
124	101	Jackson Group	110	—	5.5	5.0	7.4	7.4
285	213	James Burrough	277xd	—	15.0	5.4	8.7	8.7
95	83	James Burrough 9pcPf.	95	—	12.9	13.8	—	—
95	71	John Howard and Co.	75	—	5.0	6.6	6.0	9.4
225	100	Linguaphone Ord.	180s	—	—	—	6.6	6.9
100	90	Linguaphone 10.5pc Pf.	90s	—	15.0	16.7	—	—
650	300	Minihouse Holding NV	575	—	6.9	1.2	26.1	23.9
120	31	Robert Jenkins	70	—	—	—	9.0	20.0
80	28	Scruttons "A"	31	—	—	—	—	7.8
92	61	Torday and Carlisle	67	—	5.0	7.5	3.4	8.1
444	320	Travian Holdings	330	—	4.3	1.3	18.8	18.4
42	17	Unilock Holdings	42	+1	2.1	5.0	11.4	11.2
122	81	Walter Alexander	121	+1	8.6	7.1	6.8	8.4
247	196	W. S. Yeates	200	—	17.4	8.7	6.7	9.8

s=Suspended.

WORLD STOCK MARKETS

WALL STREET

Early falls trimmed in heavy trade

STOCK PRICES trimmed earlier losses but remained broadly lower in heavy trading at midsession.

At noon, the Dow Jones Industrial Average was down 5.16 after falling more than 12 points at the opening bell.

The Transportation Index was down 8.42 to 695.93 and the utility average was off fractionally at 165.06.

The broader market indices were also lower.

Declining big board stocks outnumbered advances by more than 2-to-1 on volume of about 69m shares.

Traders were attributing the morning declines to news that a number of technical analysts at leading brokerage firms were calling for a period of consolidation after Thursday's sharp intraday reversal.

One such analyst was Mr Richard Eakle, of Morgan Stanley. Unlike some of his colleagues, however, Mr Eakle was not calling for the rally to resume after a few weeks of consolidation.

Mr Eakle had reversed his previously bullish stance and said he expected the market to decline to the low 1,300 level in the Dow Jones Industrial Average over the next three to six months.

Mr Eakle cited a number of factors behind his change in attitude. His assistant, Mr Mark Dibble, said these included money managers who had been chasing stocks to show low levels of cash by year-end, an increasingly bullish attitude among investors and the fact that Thursday's reversal occurred near the top of Mr Eakle's target high for the Dow Industrials.

Mr Eakle is recommending selling the groups of stock that have become extended in this rally, including drugs, banks, insurance, foods, broadcasting and publishing issues.

Once the market has rebuilt its base in the low 1300s the stock groups that lead the next rise will be the cyclical and basic industry issues, he said.

CANADA

Toronto stocks slumped broadly at midsession, reaching their low for the day in the second session of profit-taking after Wednesday's 36-point surge.

The composite Index lost 16.27 to 2861.11 in fairly active trading of 8.9m shares. Declines led advances almost two-to-one.

Among retreating actives were interlisted stocks, reflecting losses on Wall Street. Canadian Pacific fell ¼ to C$17⅞. Mitel dropped ¼ to C$9 and Husky Oil shed ¼ to C$9⅝. Royex Gold topped actives, rising one cent to C$1.96.

SINGAPORE

Bargain-hunting and short covering sparked a mild rally, but brokers said the market continued to be nervous.

Trading was active with a handful of blue chip counters making the biggest gains of up to 45 cents, recouping part of yesterday's heavy losses.

The Straits Times Industrial Index gained 21.68 to 631.22 with turnover of 20.2m units, valued at S$36.3m. The index shed 62.27 on Thursday when trading reopened after a three-day suspension following the virtual collapse of Pan-Electric Industries.

Brokers said big-time investors and institutional buyers were still avoiding the market.

They said prices might fall sharply again after the weekend when broking firms and banks were expected to make margin calls.

Fraser and Neave gained 45 cents to S$5.85. OCBC 25 to S$7.75. Genting 22 to S$4.54. Tat Lee 26 to S$2.28. Duff Development 40 to S$5.80 and General Corporation 22 to S$1.20.

Sime Darby rose 8 cents to S$1.32 with 974,000 units traded. UOB 17 to S$3.08 on 932,000 units. Dota Cons 11 to S$0.81 on 844,000 units and Singapore Press 40 to S$5.95 on 753,000 units.

TOKYO

Moderately active trading saw prices fall sharply as many of the blue chip electronics which led Thursday's rise failed to sustain momentum.

The Nikkei Index lost 70.58 to 12,793.53 after rising 52.91 on Thursday. Turnover was 340m shares against 320m.

Brokers said the market, particularly in blue chips, was taking a breather after rising for the past two days. "This two-days-up, one-day-down pattern is likely to continue for a while," said one broker. "It doesn't mean there was any particular bad news."

The broader-based Tokyo SE New Index lost 2.05 to 1,011.26.

Brokers said that, despite the fall in the average, the market mood was relatively optimistic. Electronics closed mixed, with NEC ending a 10-day rise down 10 at Y1,340. Sony down 60 to Y3,940 but Fujitsu was up 20 to Y1,100 and TDK 50 to Y4,240.

One analyst said the fall was due partly to foreign investment funds trying to take profits prior to their year-end closings.

GERMANY

Equity prices on the Frankfurt Stock Exchange closed mostly lower in moderately active trading, although mild foreign buying pushed a few issues higher in late dealings.

The Commerzbank Index fell 20.8 points to 1,726.0.

Position adjustments ahead of the weekend by professional dealers put stock prices under pressure for most of the session, brokers said. But some foreign buying near the close lent support to selected blue chip issues.

Most of the selling pressure fell on automotive, machine maker and utility shares.

In the Motors sector, Daimler-Benz dropped DM 26.50 in what brokers said was a retrenchment from sharp gains early in the week. BMW fell DM 5 and Volkswagen was off DM 1.50. Porsche rose DM 5 against the trend.

M.A.N.'s DM 5 decline was the sharpest move in the machine maker sector. GHH dropped DM 4.80. KHD gave up DM 4.20 and Linde fell DM 3. Deutsche Babcock rose DM 1.50.

Among utility equities, RWE lost DM 4.50, Veba DM 2 and VEW DM 1.

AUSTRALIA

Stocks were depressed by late end-week book-squaring selling and high local interest rates.

Dealers said lack of interest in BHP by Bell chief Mr Robert Holmes à Court was enough to weaken interest and the market seemed to be entering a pre-Christmas consolidation phase.

At the close of trading, the All Ordinaries Index was down 2.1 points to 984.3, the All Industrials Index 2.5 points to 1,454.4, and the All Resources Index 1.8 points to 621.1. The Gold Index fell 12.4 to 895.5.

Turnover was 53.8m shares worth A$80.45m. Falls outnumbered rises 265 to 147.

BHP was unchanged most of the but fell 6 to A$8.34 at the close, with little interest shown in the stock. CSR was the most heavily traded issue, with 2m shares traded off-market by broker Rivkin at A$3.60. It fell one to A$3.56. Bell Resources was a surprise, jumping 40 to A$5.30.

HONG KONG

Prices rose sharply, fuelled by bargain hunting on strong institutional demand.

The Hang Seng Index gained 27.98 to 1,721.89 after Thursday's eight-point setback brought the index below 1,700.

"The bulls saw that as a buying opportunity," said one broker. Brokers said prices were also buoyed by renewed takeover speculation surrounding Cheung Kong and Jardine Matheson. Officials of the two companies were not available for comment.

Cheung Kong surged 70 cents to HK$20.60 and Jardine Matheson climbed 40 to HK$13.70.

Brokers said concern about Singapore and Kuala Lumpur securities was not a factor. Trading resumed on those markets after a three-day suspension.

SWITZERLAND

Domestic share prices closed mixed with a firmer bias in moderate trading in Zurich.

A number of blue chip issues rose on a continued bullish sentiment, but the rest of the market failed to show a definite trend.

The Swiss Bank Corporation Index rose two to 541.9.

Swissair recovered from earlier declines. Most banks fluctuated narowly on light buying support.

NEW YORK

CANADA

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

GERMANY

ITALY

FRANCE

NETHERLANDS

Fokker	73.7	—0.3
Gist Brocades	249.3	—3.2
Heineken	914.7	—2.8
Hoogovens	75.5	+0.2
Int Mueller	66.6	—1.1
KLM	53.5	+0.4
KNP	114	+1
Naarden	68.8	—1.9
Nat Ned Cert	81.5	—0.1
Ned Mid Bank	219	—3.5
Nedlloyd	203.5	—1.7
Oce Grinten	590	+9
Ommeren (Van)	29.8	—0.1
Pakhoed	91	—0.5
Philips	57	—0.4
Robeco	90.3	......
Rodamco	138	+0.1
Rolinco	72	+0.5
Rorento	46.8	—0.1
Royal Dutch	178	+2
Unilever	388	—1
VMF Stork	252.5	—1.5
VNU	279.5	+1.5
Wessanen	225	—2
West Utr Bank	89.0	......

NORWAY

SPAIN

SWEDEN

SWITZERLAND

AUSTRALIA

HONG KONG

JAPAN

SINGAPORE

SOUTH AFRICA

Indices

NEW YORK DOW JONES

STANDARD AND POORS

	Nov. 20	Nov. 13	Nov. 6	Year ago (approx.)
Industrial dividend yield	3.57	3.69	3.66	4.07
Industrial P/E ratio	13.54	13.59	13.10	10.69
Long Gov. Bond yield	9.93	10.02	10.15	11.71

N.Y.S.E. ALL COMMON

Dec. 5	Dec. 4	Dec. 3	Dec. 2	1985 High	1985 Low
117.57	117.70	116.86	116.86	117.70 (4/12)	94.60 (4/1)

Rises and Falls

	Dec. 5	Dec. 4	Dec. 3
Issues Traded	2,063	2,051	2,018
Rises	957	1,095	908
Falls	784	566	641
Unchanged	421	380	469
New Highs	250	177	98
New Lows	10	13	17

TORONTO

	Dec. 5	Dec. 4	Dec. 3	Dec. 2	1985 High	1985 Low
Metals & Minerals	2066.8	1997.1	1865.6	1916.8	2190.07 (18/2)	1740.82 (31/10)
Composite	2878.6	2884.8	2849.4	2834.3	2884.0 (4/12)	2348.5 (8/1)
MONTREAL Portfolio	136.76	139.76	131.88	137.20	138.76 (4/12)	117.00 (4/1)

	Dec. 6	Dec. 5	Dec. 4	Dec. 3	1985 High	1985 Low
NETHERLANDS ANP-CBS General (1970)	239.2	238.9	236.5	234.8	238.7 (28/11)	166.8 (6/1)
ANP-CBS Indust (1970)	217.9	218.5	214.5	212.8	218.5 (5/12)	147.6 (8/1)
NORWAY Oslo SE (4/1/83)	366.08	404.60	397.28	394.54	412.88 (12/11)	288.18 (2/1)
SINGAPORE Straits Times (1966)	861.22	880.54	(c)	(c)	852.65 (7/8)	608.04 (6/12)
SOUTH AFRICA JSE Gold (28/9/78)	—	1203.5	1195.0	1168.5	1277.1 (25/11)	828.5 (6/8)
JSE Indust (28/9/78)	—	1040.1	1050.2	1061.5	1048.2 (29/11)	767.1 (7/5)
SPAIN Madrid SE (28/12/84)	131.48	152.48	182.86	183.18	187.34 (21/11)	101.48 (2/1)
SWEDEN Jacobson & P (11/58)	1608.33	1605.94	1666.45	1812.12	1650.68 (2/12)	1265.52 (9/7)
SWITZERLAND Swiss BankCpn (31/12/58)	541.8	559.6	554.0	580.2	548.8 (2/12)	386.7 (6/1)
WORLD Capital Intl. (1/1/70)	—	245.7	245.7	242.7	245.7 (27/11)	184.8 (4/1)

** Saturday November 30: Japan Nikkei (12,779.31). TSE 1,008.49.

Base value of all indices are 100 except JSE Gold—255.7. JSE Industrial—264.3, and Australia, All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Pac. Gas/Elec	5,233,400	19⅝	− ⅛
Texaco	3,507,600	31⅞	+ ⅛
IBM	1,902,800	140¾	− 1⅛
Middle S. Util	1,725,600	10	+ ⅛
Beatrice	1,707,200	45⅛	− ¼

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CURRENCIES and MONEY

FOREIGN EXCHANGES

Dollar quietly firmer

The dollar was slightly firmer in currency markets yesterday with trading volume rather low ahead of the weekend. US unemployment figures were not far from market expectations and consequently had little effect on trading. A fall to 7 per cent in the unemployment rate was offset by a smaller than expected rise in non-farm payroll employees.

The dollar retained its bearish undertone but there was little effort to push it weaker with a little position squaring ahead of the weekend sufficient to keep the dollar above Thursday's closing levels. A sharp rise in US M1 money supply may have provided some support although some of the rise was blamed on a computer failure in a leading US bank. The dollar closed at DM 2.5235, around the middle of the day's range and up from DM 2.5190 on Thursday. Against the yen it improved to Y203.25 from Y203.0. Elsewhere it was firmer at FFr 7.7150 from FFr 7.6850 and SFr 2.1065 compared with SFr 2.0955. On Bank of England figures, the dollar's exchange rate index rose to 127.3 from 127.1

Sterling was slightly firmer overall and its exchange rate index closed at 81.1 up from an opening level of 80.8 and Thursday's close of 81.0. The attraction of high UK interest rates appeared to be holding sway in a very quiet market with this weekend's Opec meeting have little effect for the time being. However sterling's underlying trend tended to suggest a greater degree of vulnerability than its current value suggests with oil prices playing a large part in the pound's fortunes.

Against the dollar it was weaker at $1.4770-1.4780, a fall of 25 points from Thursday but it improved against the D-mark to DM 3.7300 from DM 3.7275. It was also firmer against the Swiss franc at SFr 3.1125 from SFr 3.1025 and FFr 11.40 compared with FFr 11.3750. It was a little weaker against the yen at Y300.25 from Y300.50.

£ IN NEW YORK

	Dec. 6	Prev. close
£ Spot	$1.4825-1.4840	$1.4805-1.4815
1 month	0.44-0.41pm	0.45-0.42pm
3 months	1.21-1.18pm	1.22-1.21pm
12 months	3.87-3.77pm	3.80-3.75pm

Forward premiums and discounts apply to the U.S. dollar

STERLING INDEX

	Dec. 6	Previous
8.30 am	80.8	81.2
9.00 am	80.8	81.0
10.00 am	80.8	81.0
11.00 am	80.9	81.0
Noon	80.9	81.0
1.00 pm	81.0	81.0
2.00 pm	80.9	80.9
3.00 pm	80.9	81.1
4.00 pm	81.1	81.0

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Dec 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4720-1.4790	1.4770-1.4780	0.44-0.41c pm	3.45	1.23-1.18pm	3.26
Ireland†	1.2206-1.2262	1.2226-1.2233	0.22-0.12c pm	1.67	0.80-0.50pm	2.12
Canada	1.3950-1.3965	1.3959-1.3964	0.09-0.12c dis	−0.90	0.36-0.41dis	−1.10
Nethlnd	2.8305-2.8470	2.8395-2.8405	0.60-0.57c pm	2.47	1.65-1.62pm	2.30
Belgium	51.21-51.45	51.30-51.40	¼-1c dis	−0.15	1-3dis	−0.16
Denmark	9.12¼-9.15½	9.14¼-9.15	½-1ore dis	−0.98	2-2½dis	−0.98
W. Ger	2.5155-2.5290	2.5230-2.5240	0.76-0.71pf pm	3.49	2.15-2.10pm	3.37
Portugal	159½-160¼	159½-160½	150-350c dis	−18.75	450-1000dis	−18.13
Spain	155.64-156.05	155.70-155.80	100-200c dis	−11.55	300-400dis	−8.99
Italy	1,720-1,725½	1,722-1,723	16-17 lire dis	−11.15	33-36dis	−8.02
Norway	7.59¾-7.62¼	7.61¼-7.61¾	2½-2¾ore dis	−4.14	7½-8½dis	−4.07
France	7.68-7.71½	7.71¼-7.71¾	1.00-1.20c dis	−1.71	3.50-3.60dis	−1.89
Sweden	7.66¾-7.68	7.67-7.67½	3-3½ore dis	−4.89	8-8½dis	−4.20
Japan	202.90-203.65	203.20-203.30	par-0.03y dis	−0.09	0.16-0.12pm	0.28
Austria	17.71-17.77	17.72-17.75	2½-1½gro pm	1.27	7½-5pm	1.41
Switz	2.0955-2.1085	2.1060-2.1070	0.77-0.72c pm	4.25	2.20-2.15pm	4.14

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 51.45-51.55.

CURRENCY RATES

Dec. 6	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.739542	0.591257
U.S.$	7½	1.09031	0.872992
Canadian $	8.99	-	1.21997
Austria Sch.	4	19.5574	15.4781
Belgian Fr.	8½	56.0229	44.8990
Danish Kr.	7	9.98179	7.98569
D mark	4	2.75154	2.20397
Guilder	5	3.09912	2.49017
French Fr.	9½	8.39539	6.72596
Lira	15½	N/A	1503.73
Yen	5	221.976	177.597
Norway Kr.	9	9.30053	6.54216
Spanish Pta.	—	169.969	138.012
Swedish Kr.	10½	9.36322	6.69541
Swiss Fr.	4	2.29347	1.83477
Greek Dr'ch	20½	163.547	130.923
Irish Punt	—	N/A	0.713229

* C$/SDR rate for Dec 5: 1.51853.

POUND SPOT—FORWARD AGAINST POUND

Dec 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4720-1.4790	1.4770-1.4780	0.44-0.41c pm	3.45	1.23-1.18pm	3.26
Canada	2.0570-2.0650	2.0600-2.0650	0.49-0.39c pm	2.56	1.19-1.04pm	2.16
Nethlnd	4.19-4.20½	4.19-4.20	2¼-1½c pm	5.72	6½-5½pm	5.60
Belgium	75.82-76.00	75.80-75.90	25-15c pm	3.16	65-50pm	3.03
Denmark	13.49½-13.51½	13.51-13.52	3¼-2ore pm	2.33	8½-6½pm	2.26
Ireland	1.2057-1.2107	1.2086-1.2095	0.25-0.11c pm	1.79	0.52-0.17pm	1.14
W. Ger.	3.72-3.73½	3.72½-3.73½	2½-2pf pm	7.24	6½-6pm	6.70
Portugal	230.08-228.51	234.32-233.91	110-265c dis	−9.53	280-470dis	−6.36
Spain	229.70-230.64	230.11-230.64	75-125c dis	−5.21	245-355dis	−5.30
Italy	2,539-2,548½	2,544½-2,545½	15-22 lire dis	−8.72	23-36dis	−5.03
Norway	11.21¾-11.25¾	11.20-11.21	½-1½ore dis	−0.94	1½-2½dis	−0.83
France	11.35½-11.40½	11.39½-11.40½	2½-1½c pm	1.78	4½-3½pm	1.38
Sweden	11.30-11.35	11.33-11.34	¼-1½ore dis	−0.93	1½-2½dis	−0.82
Japan	299¾-300¾	299¾-300¼	1¼-¾y pm	3.35	3-2½pm	3.55
Austria	26.13-26.24	26.20-26.24	11½-8½gro pm	4.72	33½-29pm	4.77
Switz.	3.10½-3.11¾	3.10½-3.11¼	2½-1½c pm	8.20	6-5½pm	7.40

Belgian rate is for convertible francs. Financial franc 76.05-76.15. Six-month forward dollar 2.24-2.19c pm, 12-month 3.85-3.70c pm.

CURRENCY MOVEMENTS

Dec. 6	Bank of England Index	Morgan Guaranty Change %
Sterling	91.1	−9.5
U.S. dollar	127.3	+15.9
Canadian dollar	91.3	−11.2
Austrian schilling	120.5	−5.7
Belgian franc	92.5	−9.7
Danish Kroner	83.1	−5.1
Deutsche mark	128.7	+10.8
Swiss franc	151.9	+12.4
Guilder	119.8	−6.2
French franc	68.6	−12.0
Lira	44.7	−20.2
Yen	176.4	+28.8

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

EXCHANGE CROSS RATES

Dec. 6	£	$	DM	YEN	F Fr.	S Fr.	N Fl.	Lira	C $	B Fr.
£	1.	1.479	3.730	300.3	11.40	3.113	4.196	2545.	2.065	75.95
$	0.677	1.	2.525	203.2	7.716	2.107	2.839	1723.	1.396	51.34
DM	0.268	0.396	1.	80.50	3.056	0.834	1.125	692.3	0.553	20.34
YEN	3.331	4.921	12.42	1000.	37.97	10.37	13.97	8476.	6.869	252.6
F Fr.	0.877	1.296	3.272	263.4	10.	2.730	3.680	2232	1.809	66.54
S Fr.	0.321	0.475	1.198	96.47	3.663	1.	1.348	817.7	0.663	24.37
N Fl.	0.239	0.352	0.889	71.57	2.718	0.742	1.	606.7	0.492	18.08
Lira	0.393	0.581	1.460	118.0	4.479	1.223	1.648	1000.	0.810	29.80
C $	0.485	0.716	1.806	145.0	5.527	1.509	2.034	1234.	1.	36.78
B Fr.	1.319	1.948	4.919	395.9	15.03	4.103	5.531	3355.	2.718	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.

OTHER CURRENCIES

Dec. 6	£	$
Arg'tina	1.1604-1.1931	0.8000-0.8010
Australia	2.1645-2.1975	1.4673-1.4699
Brazil	14,091-14,179	9,950-9,6000
Finland	8.0608-8.0758	5.4640-5.4690
Greece	219.50-225.29	148.26-151.35
H'kong	11.6225-11.6325	7.8050-7.8070
Iran	125.20*	84.70*
Kuwait	0.4240-0.4310	0.28375-0.28385
Lux'burg	76.90-75.90	51.50-51.40
Malay'sia	3.5775-3.5975	2.4230-2.4260
N'Z'land	9.4050-2.6150	1.7667-1.7714
Saudi Ar.	5.3970-5.3951	3.5505-3.5510
Sin'pore	3.1220-3.1320	2.1145-2.1175
S.Af.(Cm)	3.9965-4.0819	2.7027-2.7397
S.Af.(Fn)	4.8758-5.0427	3.3057-3.4199
U.A.E.	5.4902-5.4293	3.6720-3.6730

EURO-CURRENCY INTEREST RATES

Dec. 6	Short term	7 Days notice	1 Month	Three Months	Six Months	One Year
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
U.S. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sw. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Deutschmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fr. Franc	8¾-9⅞	9-9¼	9½-9⅞	10-10⅛	10⅛-11	10⅝-10¾
Italian Lira	14-17	81-80	17-18⅛	10¼-16¼	15¼-10	14¾-15¼
B.Fr.(Fin)	8⅝-8⅞	8½-8¾	8⅝-8⅝	8⅝-8⅝	8⅝-8⅝	8⅝-8⅝
B.Fr.(Con)	8¾-9⅞	9½-9¾	9⅝-8⅝	8⅝-9⅞	8⅝-8⅝	9⅝-8⅝
Yen	8⅞-8⅛	8¼-8⅝	9⅝-8⅛	7⅞-7⅞	7⅞-7⅞	7⅞-7⅞
D. Krone	8½-9	9-9½	8½-8⅝	9¼-9¼	9¼-9¾	9¼-9¾
Asian $ (Sng)	8⅛-8¼	8⅛-8⅞	8⅛-8⅞	8⅛-8⅞	8⅛-8⅞	8⅛-8⅞

Long-term Eurodollars: two years 8¾-9 per cent; three years 9⅛-9½ per cent; four years 9½-9¾ per cent; five years 9¹¹⁄₁₆-9¹³⁄₁₆ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

MONEY MARKETS

UK rates little changed

Interest rates showed little overall change in the London money market yesterday after a week of changing fortunes. Sterling's strength earlier in the week had given rise to continued optimism regarding the possibility of a cut in UK base rates this year. Its subsequent failure to sustain a firmer trend and signs of displeasure from the authorities were sufficient to extinguish any lingering hopes, however.

Consequently trading finished ahead of the weekend on a quiet note. Three-month interbank money was unchanged at 11⅞-11⅞ per cent as were three-month eligible bank bills, bid at 11⅞ per cent. Weekend interbank money opened at 11½-11¾ per cent and spent most of the morning around 11½ per cent before slipping away in the afternoon to 6 per cent. Late balances were taken up to 12 per cent, however.

UK clearing banks base lending rate 11½ per cent since July 30

The Bank of England forecast a shortage of around £750m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £443m and the unwinding of previous sale and repurchase agreements a further £237m. There was also a rise in the note circulation of £285m and banks brought forward balances £45m below target. These were partly offset by Exchequer transactions which added £270m.

The forecast was revised to a shortage of £700m and the Bank gave assistance in the morning of £413m through outright purchases of bills. £41m of eligible bank bills in band 1 at 11⅝ per cent and £215m in band 2 at 11⅞ per cent. In band 3 it bought £45m of Treasury bills and £92m of eligible bank bills all at 11½ per cent. In band 4 it bought £20m of eligible bank bills at 11⅞ per cent.

In the afternoon the Bank gave additional assistance of £185m. This comprised purchases of £5m of Treasury bills and £58m of eligible bank bills in band 2 at 11⅞ per cent and £50m of eligible bank bills in band 3 at 11½ per cent. In band 4 it bought £74m of eligible bank bills at 11⅞ per cent. The Bank also provided late assistance of £110m, making a total of £705m.

FT LONDON INTERBANK FIXING

(11.00 a.m. Dec. 6) Three months U.S. dollars		Six months U.S. dollars	
bid 9 1/8	offer 9 1/4	bid 9 1/8	offer 9 1/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

Dec. 6	Over-night	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	4.55-4.69	4.76-4.90	4.76-4.90	4.75-4.95	4.75-4.90	5.5
Paris	8⅞	8⅞-8⅞	8⅞-8⅞	8⅞-9⅞	8⅞-8⅞	8¾
Zurich	7⅛-11⅛	4⅞-4⅞	—	4-4⅛	—	—
Amsterdam	5¾-5⅞	5⅞-5⅞	—	5⅞-5⅞	—	—
Tokyo	8.03125	8.25	—	7.90625	—	—
Milan	14⅛-15	15-15⅛	—	14½-15	—	—
Brussels	8.60	8½-8⅝	—	8⅞-8⅞	—	—
Dublin	—	10-10⅞	10⅞-10⅞	10⅞-10⅞	10⅞-10⅞	—

LONDON MONEY RATES

Dec. 6	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	6-12	11⅝-11⅞	11⅝-11¾	11⅞-11⅞	11⅞-12⅛	11¾-11⅞
Sterling CDs	—	—	11⅝-11¾	11⅞-11⅞	11⅞-11⅞	11⅞-11¾
Local Authority Deps	11⅝	11½	11⅝	11⅞	11⅞	11⅞
Local Authority Bonds	—	—	12	11⅞	11⅞	11⅞
Discount Mkt Deps	7-11⅝	11⅞-11⅞	11⅞	11⅞	—	—
Company Deps	8-11⅞	11⅝-11⅞	11⅞	11⅞	—	—
Finance Hse Deps	—	—	11⅞	11⅞	11⅞	11¾
Treasury Bills (Buy)	—	—	11⅝	11⅛	—	—
Bank Bills (Buy)	—	—	11⅝	11⅞	10⅞	—
Fine Trade Bills (Buy)	—	—	12	11⅞	11⅞	—
Dollar CDs	—	—	8.10-8.15	8.10-8.15	8.10-8.15	8.25-8.30
SDR Linked Deps	—	—	8⅛-8¼	7⅞-8⅞	7⅞-8⅞	8-8¼
ECU Deps	—	—	8⅞-8⅞	8⅞-8⅞	8⅞-8⅞	8⅞-8⅞

Treasury Bills (sell): one-month 11¼ per cent; three-month 11¹³⁄₃₂ per cent. Bank Bills (sell): one-month 11¹¹⁄₃₂ per cent; three-month 11⁹⁄₃₂ per cent. Treasury Bills: Average tender rate of discount 11.1095 per cent. ECGD Fixed Finance Scheme IV reference rate November 6 to December 3 (inclusive): 11.612 per cent. Local authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 12 per cent from December 1, 1985. Bank Deposit Rates for sums at seven days' notice 6.25-6.625 per cent (nil). Certificates of Tax Deposits (Series 6): Deposits £100,000 and over held under one month 11½ per cent; one-three months 11½ per cent; three-six months 11¼ per cent; six-nine months 11½ per cent; nine-12 months 11¼ per cent. Under £100,000 10½ per cent from November 29. Deposits held under Series 5 11¾ per cent. Deposits withdrawn for cash 7½ per cent.

COMMODITIES AND AGRICULTURE

REVIEW OF THE WEEK

Coffee prices surge on Brazil fears

BY STEFAN WAGSTYL

COFFEE PRICES have surged ahead amid growing fears of the damage done to crops by drought in Brazil.

Prices were already reflecting the market's worries about the effect on the 1986-87 harvest of the four-month drought which broke at the end of October.

But this week they gained fresh momentum as traders cut back still further their estimates of the crop from a range of 14m to 17m bags to between 10m and 14m bags. January coffee closed yesterday at £2,048.50 a tonne, up £221.50 on the week.

The market is now poised for the preliminary crop estimates from IBC, the Brazilian Coffee Institute, which are due to be announced next week.

Brazil accounts for about 30 per cent of the world's coffee exports. There are fears that the coffee trees could take a few years to recover from the drought, so hitting harvests beyond 1986-87.

Traders said that the London market had picked up in the wake of New York, with strong demand not only from speculative buyers but also from the coffee trade.

The cocoa market by contrast was very quiet with prices scarcely moving over the week. Sugar, which has risen recently amid concern over the impact of hurricane Kate on the Cuban crop, saw the London daily price climb a little higher at $146.50 a tonne, against $138.50 a week ago.

On the London Metal Exchange, the blight which the six-week crisis in tin has cast on other metals lifted slightly this week, with price increases across the board.

Copper led the way with three-month metal up £27.25 to £965.75 a tonne. The initial impetus came on Wednesday from Comex in New York as traders decided that the metal has spent long enough in the doldrums in recent weeks.

There was evidence of an increase in industrial demand for copper in North America. The dollar price broke through the $1,400 a tonne barrier and was close to $1,420 by the end of the week.

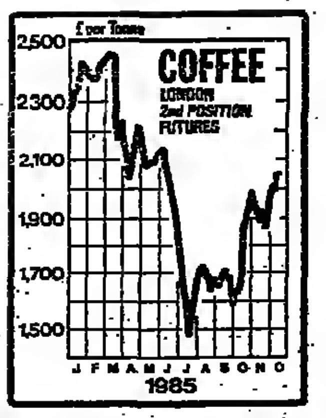
Aluminium, up £19 a tonne to £700.75 for three-month metal, was buoyed by a similar swing in sentiment, supported by good industrial demand in Europe, especially from companies exporting to the US. Traders said that the market was generally short of metal and consumer stocks have been run down, so prospects of rising aluminium prices had quickly generated substantial business.

Zinc perked up in line with copper and aluminium, climbing from £419.50 a tonne to £457.75 for three-month metal, an increase which could support an early increase in the $670 a tonne European Producer Price. Traders believe that while the immediate outlook for zinc demand has changed little, the price falls of recent weeks have been too great.

In lead and nickel prices increases were by comparison hardly perceptible. Announcements of production cut-backs by Inco and by SLN did little to boost a nickel market in which prices have been falling almost continuously since May.

The gloomy outlook for silver prices was underlined in a report from broker Shearson Lehman Brothers which said that the metal was losing its status as a precious metal since the price was no longer moving in line with gold.

The spot price was fixed in London at 410p an ounce, down 5p on the week, after touching 407.2p the lowest since August 1982. Meanwhile, in Switzerland, three big banks—Credit Suisse, Swiss Bank Corporation and Union Bank of Switzerland—started a Zurich silver fixing on Monday in competition with London.



WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1985 High	1985 Low
METALS					
Aluminium					
Free Market c.i.f.	$1035/1055	+10	$1100/1130	$1160/1210	$975/995
Antimony					
Free Market 99.6%	$2750/2800	[illegible]	[illegible]	[illegible]	[illegible]
Copper Cash High Grade	£948.25	+30.75	£1039.5	£1339	£914
3 months Do. Do.	£965.75	+27.25	£1107.75	£1351.75	£934.75
Gold per oz.	$322.25	−2.5	$329.25	$340.75	$284.7
Lead Cash	£266.5	+1.75	£336.5	£301.5	£255.5
3 months	£273.75	+2.5	£331.25	£365.5	£270.25
Nickel market c.i.f. 16					
Free	179/186c	[illegible]	211/231c	259/289c	175/185c
Palladium oz.	$101.00	−2.5	$140.75	$129.65	$96.50
Platinum per oz.	$341.75	−7.65	$319.00	$349.45	$244.25
Quicksilver (76 lbs)	$270/280	[illegible]	$335/305	$300/310	$265/275
Silver per oz.	410.00p	−5	687.10p	675.95p	407.20p
3 months	421.10p	−5.3	600.05p	594.90p	419.40p
Tin cash	[illegible]		£9890	£10,525	£8507.5
3 months	[illegible]		£9797.5	£10,232.5	£8342.5
Tungsten Ind.	£67.77	−3.64	£83.55	£83.75	£65.17
Wolfram (22.04 lb)	$59.64		$76.77	$78.79	$56.00
Zinc cash	£462.5	+49.5	£644.75	£657.5	£372.5
3 months	£457.75	+39.25	£635.25	£644.00	£392.5
Producers	$660/670		$800	$960	$660/670
GRAINS					
Barley Futures	£112.85	+0.65	£113.95	£117.40	£96.00
Maize French	£140.00		£145.00	£158.20	£128.50
WHEAT Futures	£115.40		£114.00	£124.95	£96.60
SPICES					
Cloves	$4,800	−50	$4,200	$4,950	$3,300
Pepper white	$5,325	+25	$3,400	$5,825	$3,400
black	$4,200	−25	$2,100	$4,250	$2,300
OILS					
Coconut (Philippines)	$382.5v	−2	$975	$850	$382.5
Palm Malayan	$380w	−5	$800	$700	$340
SEEDS					
Copra (Philippines)	$237.5		$540	$575	$237.5
Soyabeans (U.S.)	$210.4		$253.5	$255.4	$207.5
OTHER COMMODITIES					
Cocoa Futures Mar.	£1689.5	+23	£1838.5	£2,280.5	£1,057
Coffee Futures Mar.	£2048.5	+6.5	£2,247	£2,457	£1687.5
Cotton Index			77.85c	77.85c	47.70c
Dec. Coconut			£1230	£1,250	£820
Gas Oil Fut. Jan.	$254.05	−6.5	$229.5	$379.23	$208.75
Jute LJA BWG grade	‡		$950	$945	$300
Rubber kilo	55.5p	−0.5	59.9p	70p	55p
Sisal No. 3L	‡		$370	$670	$515
Sugar (Raw)	$140.5u	−8	$112	$147.5	$92
Tea (quality) kilo	‡		330p	345p	150p
(low med) kilo	‡		250p	065p	102p
Wooltops 64s Super	399p kilo	−5	482p kilo	526p kilo	389p kilo

‡ Unquoted. (g) Madagascar. (u) November-December. (v) December-January. (w) January.

INDICES

FINANCIAL TIMES

Dec. 6	Dec. 5	M'th ago	Year ago
—*	—*	—*	299.29

(Base: July 1 1952=100)

REUTERS

Dec. 6	Dec. 5	M'th ago	Year ago
1758.0	1761.5	1757.3	1903.8

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Dec. 5	Dec. 4	Month ago	Year ago
Spot	122.10	121.59	—	125.30
Fut.	124.66	123.36	—	126.44

(Base: December 31 1974 = 100)

* Not available due to suspension of tin LME.

LONDON GRAINS—[illegible]

ALUMINIUM

	Unofficial close (p.m.)	+ or —	High/low
	£ per tonne		
Cash	667-8	+9.5	679/670
3 months	700.5-1	+9	702/692

Official closing (am): Cash 670-.5 (661-.5), three months 692.5-3 (684-5), settlement 670.5 (661.5). Final Kerb close: 695-5.5. Turnover: 42,500 tonnes.

COPPER

Higher grade	Unofficial close	+ or —	High/low
Cash	949-.5	+6.75	954/949
3 months	965.5-6	+7.25	973/961
Cathodes			
Cash	956-9	+17.5	958
3 months	953.4	+15	955.5/952

Official closing (am): Cash 953-.5 (933-.5), three months 955.5-6 (935-7), settlement 953.5 (933.5). Final Kerb close: 963-3.5.

Official closing (am): Cash 938-9 (916-7), three months 955.5-6 (935-7), settlement 939 (917). Turnover: 47,225 tonnes. US Producer prices 66-70 cents per pound.

LEAD

	Unofficial close (p.m.)	+ or —	High/low
	£ per tonne		
Cash	266.7	−5	255.25/254.5
3 months	273.5-4	−1	275/272

Official closing (am): Cash 255-2.5 (274.5-5), three months 272-.5 (280-.5), settlement 255.25 (275). Final Kerb close: 272-2.5. Turnover: 7,625 tonnes. US Spot: 18.75-20 cents per pound.

NICKEL

	Unofficial close (p.m.)	+ or —	High/low
	£ per tonne		
Cash	2700-1	−7	2700
3 months	2750-3	−6	2755/2740

Official closing (am): Cash 2690-5 (2675-90), three months 2740-1 (2730-1), settlement 2695 (2690). Final Kerb close: 2753-55. Turnover: 444 tonnes.

ZINC

High grade	Unofficial close (p.m.)	+ or —	High/low
	£ per tonne		
Cash	462.5	−2	
3 months	457.5-8	+5.25	458/447

Official closing (am): Cash 459-60 (457.5-8), three months 456-7 (452.5-4), settlement 460 (458). Final Kerb close: 456-6.5. Turnover: 0,650 tonnes. US Prime Western: 33-35.75 cents per pound.

GOLD

Gold was unchanged from Thursday's close in the London bullion market yesterday at $322½-323. It opened at $322¾-$323¼ which proved to be the day's high and touched a low of $322-$322½. Trading was extremely quiet and uneventful ahead of the weekend.

Close	$322½-323	(£218¼-218¾)
Opening	$322¾-323¼	(£218½-219¼)
M'n'g fix	$322.50	(£218.422)
Aft'n'n fix	$322.30	(£218.454)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$324½-325	(£219½-220)
½ Krug.	$171½-172½	(£116-116½)
¼ Krug.	$87½-88½	(£59¼-59¾)
1/10 Krug.	$35½-36½	(£24¼-24¾)
Mapleleaf	$332½-333	(£225-225½)
Angel	$331½-335½	(£224½-225)
1/10 Angel	$32½-37½	(£21½-25½)
New Sov.	$76-78	(£52½-53)
½ New Sov.	$46½-47½	(£31½-32)
Old Sov.	$80½-82½	(£54½-55½)
$20 Eagle	$450-490	(£304½-331½)
Noble Plat	$351½-355½	(£238½-241½)

SILVER

Silver was fixed at 410p per ounce in the London bullion market yesterday, unchanged from Thursday. US cent equivalents of the fixing levels were: spot 605.6c, down 0.2c; three-month 617.15c, up 0.2c; six-month 629.25c, down 0.05c; and 12-month 653.5c, unchanged. The metal opened at 410½-412½p (606-608c) and closed at 408½-410½p (604-606c).

SILVER per troy oz	Bullion Fixing Price	+ or —	L.M.E. p.m. Unofficial	+ or —
Spot	410.00p	—	407.0p	−1.5
3 months	421.10p	−0.25	419.0p	−1.5
6 months	452.40p	+0.15	—	—
12 months	453.90p	−0.15	—	—

LME—Turnover: 26 (48) lots of 10,000 oz.

Cash high/low 406p; three months high/low 420p, final kerb 417-9p.

RUBBER

PHYSICALS — The London market opened slightly lower, attracted no interest throughout the day and closed very quiet, reports Lewis and Peat. Closing prices (buyers), spot 55.50p (same), Jan 55.25p (same), Feb 63.75p (same). The Kuala Lumpur fob price (Malaysia Singapore cents) per kg RSS No 1 was 176.0 (177.0) and for SMR 20 179.5 (same).

GRAINS

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterday's close	+ or —
Jan	112.60	+0.10	109.95	+0.15
Mar	115.40	+0.60	112.95	+0.10
May	118.30	+0.30	114.95	—
July	120.45	+0.20		—
Sept	98.95	+0.05	98.80	—
Nov	101.85	+0.05	101.75	—

Business done—Wheat: Jan 112.60

COCOA

Futures initially struggled to reach the higher levels due but trade short-covering and a steady New York market pushed prices up in the afternoon. Firmer sterling failed to stem the rally and futures closed on a strong note. Actuals remained quiet, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Dec.	1637-1638	+15.0	1640-1620
March	1689-1690	+23.0	1690-1668
May	1711-1712	+27.0	1712-1683
July	1726-1727	+22.0	1728-1706
Sept.	1740-1745	+21.0	1744-1727
Dec.	1761-1745	+16.0	1757-1732
March	1752-1775	+21.5	1752-1750

Sales: 1,994 (1,321) lots of 10 tonnes.

ICCO indicator prices (US cents per pound). Daily price for December 6: 107.97 (100.34): five-day average for December 9: 107.14 (107.00).

COFFEE

The market reached recent highs in heavy trading. Strong commission house and trade buying lifted levels by up to £60. Good physical interest in Europe kept values firm until profit-taking resulted in a £50 retracement.

COFFEE	Yesterday's Close	+ or —	Business Done
Jan.	2006-2010	+38.0	2058-1985
March	2047-2050	+36.5	2076-2025
May	2090-2094	+45.0	2110-2060
July	2120-2125	+59.0	2146-2095
Sept.	2168-2170	+56.5	2130-2128
Nov.	2200-2285	+70.0	2228-2150
Jan	2200-2250	+62.5	—

Sales: 14,640 (7,022) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for December 6: Comp. daily 1979 153.17 (150.83): 15-day average 143.95 (142.91).

MEAT

Prices closed unchanged and untraded with physicals slightly steadier, reports CCST Commodities.

Sales: 0 (15) lots of 50 carcases, 3,250 kg.

Month	Yesterday's close	Previous close	Business done
	p. per kilo (deadweight)		
Feb	102.50	102.30	—
April	105.10	105.50	—
June	100.10	100.30	—
Aug	98.00	98.00	—
Oct	104.00	104.20	—
Nov	105.30	105.30	—

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 95.64p per kg lw (−0.93). GB—Sheep 156.28p per kg est dcw (+10.62). GB—Pigs 80.78p per kg lw (−1.16).

SOYABEAN MEAL

	Yesterday close	+ or —	Business Done
	£ per tonne		
Dec.	—	—	195.0
Feb.	125.5-126.8	−0.30	125.5
Apr	126.0-126.8	−0.20	126.0
June	127.0-122.0	−0.50	—
August	120.5-121.5	−0.66	—
October	121.0-126.0	−0.50	—
Dec.	122.0-12.50	−0.50	—

Sales: 100 (456) lots of 20 tonnes.

OIL

In a thin, nervous market December Brent traded at $28.35 and $28.23. January Brent traded between $27.60 and $28.00 before falling back to $27.75 at the close. Nymex WTI for January opened 8c up but traded 9c down by 1.30 pm EST. Petroleum products fell in advance of Sunday's Opec meeting. Very little buying interest was seen for either heavy fuel or gasoline — Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—Jan.		
Arab Light	27.85-27.95	—
Arab Heavy	25.80-25.90	—
Dubai	27.10-27.15	+0.225
Brent Blend	28.20-28.25*	+0.05
W.T.I. (1 pm est)	28.80-29.00	+0.05
Forcados (Nigeria)	28.55-28.25*	−0.30
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	271-274	−4.5
Gas Oil	258-259	−0.5
Heavy fuel oil	142-145	−4.5
Naphtha	244-249	—

*December

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close	+ or —	Business Done
	$ U.S. per tonne		
Dec	257.50	−5.00	259.75-57.50
Jan	254.25	−2.15	257.50-54.00
Feb	249.50	−2.25	252.00-49.25
Mar	238.50	−5.00	242.00-38.50
Apr	230.50	−2.00	236.00-30.50
May	222.25	−1.25	225.50-22.25
June	224.00	−2.00	226.00-24.00
July	225.00	−2.45	226.25-25.00

Turnover: 2,043 (2,850) lots of 100 tonnes.

CRUDE OIL FUTURES—Brent Blend Index. $ a barrel (Close, change, business done): Index 27.78, +0.15; Jan 27.66-27.75, +0.03, 27.66; Feb 27.05-27.10, −0.20, 27.23-27.00; Mar 26.30-26.60, −0.15, untraded; April 25.95-26.35, +0.05, untraded; May 26.20-26.30, −0.13, untraded. Turnover: 62 (8) lots of 1,000 barrels.

FREIGHT FUTURES

Rates stabilised on the opening, with 905 basis January, being reached briefly. Thereafter the market eased back in quiet conditions, with no fresh information from the physical market, reports Clarkson Wolff. The Baltic Freight Index was 920.5, down 1.0.

	Close	High/Low	Prev.
Jan.	884/885	900/883	893/895
April	940/950	—	942/944
July	825/840	—	825/845
Oct.	915/920	—	916/920
Jan.	930/955	—	925/955
April	885/890	—	895/890
July	882/884	—	880/886
Oct.	950/1000	—	950/1000

Turnover: 133 (57).

US MARKETS

PRECIOUS METALS came under modest selling pressure on the weakness in currencies along with prospects that a deficit reduction package might be approved by the US Congress, reports Heinold Commodities. Copper and Aluminium consolidated at steady levels following recent sharp gains. Sugar weakened modestly on pre-weekend profit-taking. Concern over quality and losses in the Brazilian crop kept coffee prices limit-up. Cocoa firmed on concerns over rain-related delays to the drying and transport of Brazilian cocoa. Cotton gained ground on good trade support and low delivery notices. Petroleum traded in a mixed fashion ahead of the Opec meeting. Strength in wheat was the main feature in the grains. Expectations of a sharp expansion in wheat *export activity was behind the rally.*

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
Dec	46.60	46.90	46.40	46.30
Jan	46.70	—	—	46.50
Feb	47.10	—	—	47.00
March	47.45	48.10	47.25	47.30
May	48.20	48.75	48.15	48.10
July	48.90	49.55	48.95	48.85
Sept	49.65	—	—	49.60
Dec	50.75	—	—	50.70
Jan	51.10	—	—	51.05
March	51.85	—	—	51.80

COCOA 10 tonnes, $/tonnes

	Latest	High	Low	Prev
Dec	2185	2167	2130	2123
March	2256	2256	2208	2198
May	2300	2300	2259	2246
July	2323	2325	2290	2277
Sept	2340	2340	2314	2307
Dec	2358	2358	2336	2317
March	2360	—	—	2328

COFFEE "C" 37,500 lb, cents/lb

	Close	High	Low	Prev
Dec	180.37	181.50	176.50	175.25
March	182.27	182.27	181.00	178.27
May	186.26	186.26	184.50	182.26
July	189.72	189.72	187.50	185.72
Sept	192.30	192.20	191.80	188.20
Dec	195.26	195.26	195.00	191.26
March	197.33	197.33	187.00	193.33
May	196.67	199.67	199.67	195.67

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Dec	64.20	64.15	63.50	63.60
Jan	64.05	63.80	63.55	63.50
Feb	64.05	—	—	63.70
March	64.10	64.30	63.50	63.80
May	64.25	64.40	63.85	63.80
July	64.35	64.40	63.80	63.95
Sept	64.50	64.60	64.10	64.15
Dec	64.80	64.80	64.60	64.55
Jan	64.90	—	—	64.70
March	65.10	65.25	64.90	64.95

COTTON 50,000 lbs, cents/lb

	Close	High	Low	Prev
Dec	61.39	61.55	61.10	61.40
March	60.59	60.78	60.30	60.40
May	60.85	61.05	60.61	60.70
July	59.54	59.65	59.30	59.46
Oct	53.40	53.60	53.40	53.60
Dec	51.48	51.75	51.45	51.72
March	52.22	52.50	52.50	52.45
May	53.01	—	—	52.75

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	High	Low	Prev
Jan	28.77	29.12	28.68	28.88
Feb	28.09	28.31	27.98	28.11
March	27.45	27.66	27.35	27.46
April	26.95	27.09	26.84	26.97
May	26.68	26.65	26.55	26.58
June	26.32	26.32	26.20	26.29
July	26.05	26.11	26.05	26.09
Aug	26.05	26.11	26.05	25.94
Sept	26.05	26.10	26.05	25.84
Oct	25.89	25.90	25.85	25.74

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Dec	322.3	322.0	321.9	322.9
Jan	324.2	—	—	323.5
Feb	328.2	330.8	325.7	326.9
April	330.0	330.6	329.8	330.6
June	334.1	334.5	333.6	334.7
August	338.3	—	—	338.9
Oct	342.7	—	—	343.3
Dec	347.3	347.1	347.0	347.9
Feb	[illegible]			[illegible]
April	[illegible]			[illegible]
June	[illegible]			[illegible]
August	367.5	—	—	367.5
Oct	372.9	—	—	372.5

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	High	Low	Prev
Jan	83.40	84.70	83.05	84.21
Feb	82.85	83.95	82.25	83.42
March	78.30	79.10	77.95	78.57
April	73.85	74.00	73.50	73.85
May	70.80	71.70	70.40	70.70
June	70.00	70.00	70.00	69.90
July	70.00	—	—	69.75
Aug	70.00	—	—	69.25
Sept	70.00	—	—	69.05
Oct	70.00	—	—	69.05

ORANGE JUICE 15,000 lbs, cents/lb

	Close	High	Low	Prev
Jan	118.10	116.30	112.75	113.45
March	117.65	118.30	114.70	114.75
May	119.00	119.00	115.05	116.13
July	118.50	118.50	116.25	115.40
Sept	115.25	—	—	119.15
Nov	115.50	—	—	112.35
Jan	115.60	—	—	112.60
March	115.60	—	—	112.88
May	115.60	—	—	111.75

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Dec	343.2	342.0	342.0	343.0
Jan	345.2	347.4	342.0	345.0
Feb	346.2	—	—	346.0
April	345.8	349.0	344.0	346.8
July	350.2	352.5	347.0	349.6
Oct	353.7	356.0	352.5	353.1
Jan	358.7	361.0	358.0	359.1

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Dec	602.9	607.0	602.0	606.4
Jan	606.8	608.5	607.5	610.1
Feb	610.9	—	—	614.3
March	615.0	619.4	614.5	618.5
May	623.3	626.5	623.0	626.8
July	631.8	634.6	631.0	635.3
Sept	640.8	642.0	640.0	644.3
Dec	654.5	658.5	655.0	658.1
Jan	659.2	—	—	662.9
March	668.6	671.0	671.0	672.3

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Jan	5.51	5.59	5.47	5.58
March	6.40	6.55	6.38	6.51
May	6.53	6.69	6.52	6.66
July	6.65	6.80	6.65	6.80
Sept	6.77	6.94	6.94	6.94
Oct	6.88	7.06	6.87	7.01
Jan	7.01	—	—	7.14
March	7.43	7.60	7.43	7.58

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Dec	66.92	66.95	65.92	67.42
Feb	62.40	63.70	62.40	63.90
April	61.35	62.30	61.05	62.35
June	61.35	62.10	61.05	62.20
August	59.97	60.50	59.60	60.70
Oct	58.77	59.70	58.70	59.45
Dec	60.10	60.70	60.10	60.60

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
Dec	49.45	48.80	48.82	50.25
Feb	47.55	47.69	46.85	48.22
April	42.55	43.00	41.95	43.35
June	44.47	44.95	44.05	45.20
July	44.45	45.20	44.20	45.17
August	43.40	43.80	43.30	43.65
Oct	40.20	40.60	40.12	40.55
Dec	41.65	41.70	41.65	41.70
Feb	41.65	—	41.47	41.85

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	High	Low	Prev
Dec	243.6	245.0	242.4	242.5
March	244.4	245.0	243.8	244.2
May	245.6	247.4	245.4	247.2
July	244.0	248.8	245.4	247.2
Sept	235.0	235.0	234.4	235.4
Dec	228.6	229.4	228.0	229.6
March	236.4	236.4	236.0	237.0

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
Feb	64.25	65.20	63.67	65.55
March	64.37	65.45	63.90	65.77
May	65.60	66.35	65.00	65.70
July	65.50	66.05	64.90	66.65
August	63.27	64.30	63.00	64.05

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
Jan	508.0	511.4	505.8	507.4
March	516.2	520.0	514.4	516.4
May	526.0	529.0	524.0	526.6
July	522.6	525.2	520.0	524.2
August	530.4	533.4	530.4	531.4
Sept	511.0	516.0	511.0	513.0
Nov	509.6	513.0	509.4	512.0
Jan	519.4	523.0	519.4	523.4
March	533.0	533.4	533.0	533.4

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Dec	144.9	145.3	143.1	143.6
Jan	144.6	145.3	143.4	144.0
March	145.7	146.0	144.0	145.0
May	146.8	146.8	145.2	146.5
July	147.3	147.5	146.0	147.0
Aug	147.0	147.5	145.8	146.5
Sept	143.5	144.0	143.5	143.0
Oct	140.0	141.0	140.0	139.8
Dec	141.4	142.5	141.2	142.0
Jan	141.3	141.5	141.2	141.5

SOYABEAN OIL 60,000 lbs, cents/lb

	Close	High	Low	Prev
Dec	19.73	19.95	19.57	19.87
Jan	19.82	19.98	19.67	19.75
March	20.19	20.25	20.00	20.13
May	20.47	20.55	20.35	20.48
July	20.77	20.85	20.65	20.77
Aug	20.77	20.90	20.70	20.77
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
Dec	344.0	347.0	340.0	340.0
March	343.6	348.0	343.0	342.0
May	322.0	325.4	319.0	319.6
July	295.0	299.0	292.4	291.2
Sept	295.0	299.0	294.4	291.4
Dec	305.4	308.2	304.2	302.0

SPOT PRICES—Chicago loose lard 18.00 (17.00) cents per pound. Handy and Harman silver bullion 603 (605) cents per troy ounce.

SUGAR

LONDON DAILY PRICE—Raw sugar $146.50 (£99.00), up $2.00 (up £1.00) a tonne for December-January delivery. White sugar $179.50, up 50c.

Prices moved higher over the morning following high-priced second-hand sales. March touched $168.80, a new high for the move but quotations eased later as New York failed to hold above 6.50c a pound again, reports C. Czarnikow.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Mar	164.0-163.8	157.8-167.2	168.8-164.5
May	168.2-156.6	110.8-170.8	171.8-169.2
Aug	175.6-174.0	174.6-175.8	175.4
Oct	177-4.176.0	173.8-180.4	181.4-179.4

Sales: 1,626 (2,164) lots of 50 tonnes.

Tate & Lyle delivery price for granulated basis sugar was £203.50 (£202.50) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for December 6: Daily price 5.70 (5.65): 15-day average 0.45 (5.44).

PARIS—(FFr per tonne): Mar 1412-1413, May 1433-1435, Aug 1470-1480, Oct 1505-1515, Dec 1525-1540, Mar 1582-1595.

POTATOES

The market followed the recent pattern, opening at unchanged and drifting lower in thin volume. The afternoon was even quieter with weekend book-squaring lifting values. Dutch exports announced after the London close disappointing, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Feb	92.50	81.90	92.00
Apr	91.80	91.00	91.80-90.60
May	97.50	99.50	97.00-96.50
Nov	75.50	73.50	75.50

Sales: 316 (187) lots of 40 tonnes.

MARKET REPORT

Equity leaders reduce their falls on the week

Late Hanson bid for Imperial

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Nov 11	Nov 21	Nov 22	Dec 2
Nov 25	Dec 5	Dec 6	Dec 16
Dec 9	Dec 19	Dec 20	Jan 6

* "New-time" dealings may take place from 8.30 am two business days earlier.

Leading industrial shares recovered slowly yesterday but the undertone of the London equity market indicated that many investors were still adopting a cautious approach ahead of next week's Cable and Wireless share offering. For the last session of a trading Account, turnover was relatively light and centred around takeover or so-called situation issues.

Business opened with the news that the Elders IXL offer for Allied-Lyons had been referred to the Monopolies Commission and had thus lapsed. The move, discounted to some extent by the recent fall in Allied-Lyons, caused an initial flurry of activity but interest faded and the share price settled down to close only marginally lower on balance. The implication of the referral on other stocks involved in large merger or bid situations was negligible.

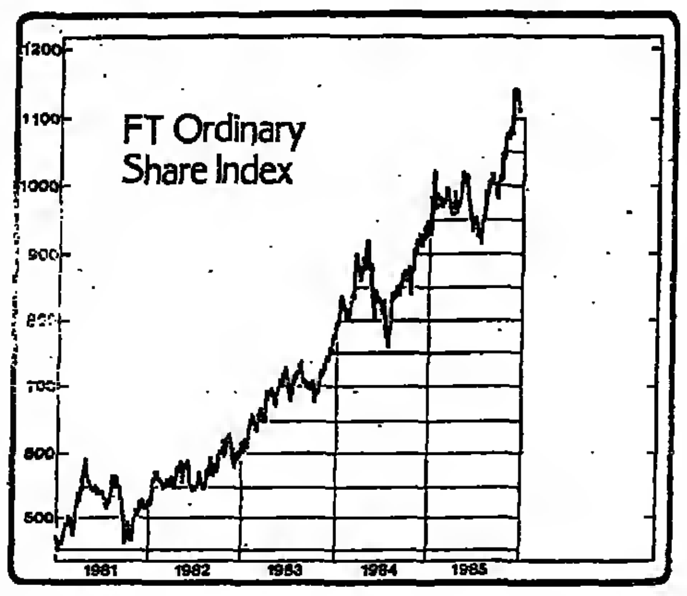
Oil price concern—Opec members meet this weekend—was a subduing influence but from 10.00 am onwards blue chip issues began to edge forward. It was suggested that sizeable amounts of stock had been removed from dealers' books in the past 24 hours, possibly to smoothe the way for the Cable and Wireless issue. Most jobbers confirmed having sold rather than bought stock since Thursday afternoon.

Speculation before dealings commenced of a pending market raid on **Plessey** proved to be misguided but the share price rose on rumours that Racal Electronics could intervene and spike the GEC proposal for a merger. The equity market rally continued throughout the afternoon, despite a setback early yesterday on Wall Street, but came to a halt in the after-hours' trade.

Values often respond sharply at the close of a trading Account on business without "new-time" penalty, but little buying enthusiasm developed after 3.50 pm yesterday. Nevertheless, the FT Ordinary share index closed 7.2 up at the day's highest of 1117.6. On the week, however, the index showed a fall of 25.3 despite outstanding strength in constituent Plessey. The FT-SE 100 share index was 38.2 lower over the five-day period.

News of the largest-ever bid for a UK group was released just before 6.00 pm. **Hanson Trust** is bidding £1.9bn for **Imperial** which recently announced agreed merger terms with United Biscuits. No late price was available for Hanson but Imperial rose to 258p for a net rise of 26. The FT index did not reflect the late move in Imperial.

Potential buyers of Government securities stayed firmly on the sidelines. With chances of a cut this year in US base lending rates now considered remote, the shorter end of the market came under slight selling pressure and prices reacted ¼ or so. Medium and longer-dated Gilts hovered either side of overnight list levels before closing virtually unchanged on the day.



Mercury Secs. rise

Mercury Securities, the merchant bank in which Mr Saul Steinberg's Reliance Group of the US has a sizeable stake, returned to prominence, rising 45 to 705p; associated stock-jobbing concern **Akroyd and Smithers** gained 20 to 525p in sympathy. The major clearers staged a modest recovery with **NatWest** closing 4 dearer at 662p and **Barclays** 6 higher at 438p. Elsewhere, **Royal Bank of Scotland** hardened a couple of pence, but still sustained a fall of 20 on the week at 272p; Lloyds placed its entire stake (46.2m shares) in the company on Wednesday at 270p per share.

Insurances passed a quiet session and closed mixed. Among Lloyd's Brokers, **Minet** hardened 2 to 219p ahead of Tuesday's third-quarter figures.

After Thursday's premium of 53p in first-time dealings, **Laura Ashley** made fresh progress as a combination of domestic and overseas demand easily outweighed scattered "stag" sales to close 6 higher at 194p.

Professional training group *Chart, Foulkes Lynch* made a quiet debut in the Unlisted Securities Market; the shares opened at the placing price of 86p and settled at 87p.

Allied-Lyons, nervously sold throughout the week, dipped 7 more to 270p, after 268p, as the offer from Elders IXL lapsed after incurring a Monopolies Commission reference. In sharp contrast, **Bass** rallied to 682p before settling 22 higher on balance at 675p reflecting press response to the preliminary figures.

The Building sector displayed one of the day's brightest features in **Thomson T-Line** which raced up 37 to 85p on asset injection hopes following the agreed acquisition by Diamond Limited of 61.6 per cent of the equity at 80p per share. Elsewhere, **SGB**, in receipt of 90 offer from BET, softened 2 to 256p as C. H. Beazer confirmed the sale of a 4.8 per cent stake. **Brownlee** remained on offer in the wake of the dismal interim results and shed 3 for a loss on the week of 11 at 60p. Among the leaders, **Tarmac** gave a steadier performance following the previous day's gyrations and closed 4 hotter at 378p. **Blue Circle** hardened a couple of pence to 565p, as did **Redland**, in 345p. Buyers returned for **John Laing** which improved 5 to 328p.

ICI continued to trade quietly and settled 7 lower at 704p. Elsewhere in the Chemical sector, **James Halstead** gained 8 to 116p in reply to the chairman's confident statement at the annual meeting, while USM-quoted **Allda Holdings** moved up 20 to 352p on demand in a restricted market. Possible shell situation *British Benzol* encountered early profit-taking and slipped to 49p, but subsequent buying left the close a penny dearer on balance and 14 higher on the week at 52p.

Mail-orders dull

Leading Retailers finished an extremely active Account on a relatively subdued note. **British Home Stores** traded between 416p and 410p before settling without alteration at 414p—a decline of 18 on the week as hopes faded of a counter-bid to the proposed merger with Habitat Mothercare. Mail-orders were nervous amid talk of a broker's bearish circular in the offing. **Freemans** fell to 370p before closing 6 cheaper on balance at 374p, while **Grattan** shed 10 to 372p, after 370p.

Plessey advanced to 184p before settling 10 up on the day at 182p amid various rumours. **GEC**, which put forward bid proposals for Plessey earlier in the week, closed a couple of pence harder at 174p. **Thorn EMI** rallied a few pence to 417p. Elsewhere, **First Castle** advanced 35 to 146p *following* news of the share exchange or alternative cash offer from Morgan Crucible. **Sunleigh** advanced 5 to 17p on Cleavos Investments' 14.8 per cent stake in the company.

Leading Engineers showed little alteration. Elsewhere, demand ahead of next Thursday's *interim figures left* **Baker Perkins** 12 to the good at 225p. **Pegler Hattersley**, dull earlier in the week on disappointing half-year results, rallied 5 to 320p, but **Victor Products**, the subject of bid speculation recently, ran back 6 to 126p on profit-taking. **Meggitt Holdings** hardened a penny to 107p following news of the proposed acquisition of Holmsworthy Electronics Group.

Unnerved on Thursday by a sustained bout of profit-taking, the majority of leading Foods did little more than drift easier in the absence of any worthwhile buying interest. **Tate and Lyle**, however, moved *smartly against* the trend following a broker's recommendation and closed 10 higher at the day's best of 568p; the annual results are due next Wednesday. Elsewhere, **Associated Fisheries** attracted speculative buying and firmed 4 to 117p, while **Alpine Soft Drinks** put on 1½ to 24½p in reply to the good half-year figures.

Among Hotels, late support left **Trusthouse Forte** 4 to the good at 156p. **Ladbroke** improved 3 to 319p, while **Grand Metropolitan** were finally unchanged at 366p after 362p.

Beecham feature

Beecham, up 20 at 340p, encountered persistent speculative demand accompanied by *further* talk of a bid from Unilever. **Hanson Trust**, in contrast, eased 5 to 205p despite the good results. **Boots** were a lively market again and eased to 237p before recovering to close 3 firmer on balance at 243p. **BTR** gave up 5 at 353p, but revived support ahead of the interim figures, due next Thursday, left **Pilkington Bros** 5 *firmer* at 315p. Elsewhere, **R. Kelvin Watson** featured a jump of 21 to 245p, after 250p, on news of the bid approach. **Bestwood** new share were in demand and closed 20 higher at 75p premium, while bid speculation promoted a gain of 15 to 151p in **Metal Closures**. **Christies International**, also a current bid favourite, put on 7 to 295p. **Scapa Group**, at 402p, rallied 9 following the previous *day's setback on disappointing interim* figures, and **Hargreaves Group**, still reflecting satisfactory half-year results, improved 4 more to 140p. Buying ahead of next Wednesday's preliminary figures brought a gain of 12 to 226p in **Granada**, while late support left **Pearson** 10 firmer at 410p. **Unigroup**, reflecting a flurry of speculative demand, closed 10 to the good at 73p and **Sutcliffe Speakman** *firmed* 3 to 51p in response to share stake news.

The Leisure sector displayed several contrasting features. **Boosey and Hawkes** fell 13 to 172p *following* dismal interim results, while **Juliana's Holdings** dropped 15 to 75p, after 73p, following the profits warning. On the other hand, late support lifted **Sangers Photographic** 8 to 108p and **Photax** 4 to 46p. **Fairline Boats** continued to reflect the excellent results with a fresh gain of 5 to 96p.

Automotive Products featured Motors, rising 13 to 113p on renewed speculative buying; the company has recently been awarded lucrative Russian and Chinese contracts. **Lucas Industries** rallied a few pence at 433p.

Among generally dull Paper/Printings, **J. Waddington** closed 5 off at 570p following the interim results and US acquisition details. **Associated Paper** softened a couple of pence at 218p; the preliminary figures are scheduled for Wednesday.

Leading Properties enjoyed their best session for some time. *Land Securities*, 334p, and *Great Portland Estates*, 164p, improved 6 apiece, while **MEPC** rose 3 to 293p.

Vague rumours of a bid from P&O continued to propel **Ocean Transport** which closed a further 4 higher at 190p; **P&O** added 5 at 435p. Elsewhere in Shippings, **British and Commonwealth** advanced 7 to 317p; **Caledonia Investments** firmed 10 to 312p in sympathy.

Coats Patons were *outstanding* in Textiles and closed 9 higher at 161p following speculation that Hanson Trust had bought a stake in the company prior to launching a bid.

Oils improve

A continuation of Thursday's late buying in front of the Opec meeting which commences in Geneva at the weekend saw the Oil majors improve steadily. **British Petroleum** closed 8 better at 555p and **Shell** 5 dearer at 645p. **Ultramar** moved up 8 to 208p and **Britoil** firmed 5 to 225p. Recently-dull **Lasmo** rallied 8 to 228p. Irish oils enjoyed a late flurry of buying interest; **Atlantic Resources** gained 3 to 30p and **Aran** put on 5 to 31p.

Lonrho were helped by considerable traded option *activity* and closed 4 better at a 1985 peak of 186p. Elsewhere in Overseas Traders, **Ocean Wilsons** attracted speculative support and rose 3 to 52p, while Far-eastern influences helped **Inchcape** add 12 at 305p and **Sime Darby** 3 at 43p.

Golds idle

South African mining markets were again largely ignored. The absence of interest in the US overnight coupled with another lacklustre performance by Bullion—unchanged at $322.75—ensured an easier tone among Golds.

A minor rally developed as the slightly firmer Financial Rand encouraged occasional Cape support but this soon petered out and most issues finished at the day's lowest. The FT Gold Mines index eased 0.8 to 276.8—a fall of 9 points on the week.

South African Financials also drifted lower with **De Beers** 5 off at 311p and "**Johnnies**" a point lower at £53. London-domiciled issues, however, made modest progress *reflecting firmer* domestic equities and higher copper prices. **RTZ** added 6 to 518p, while **Consolidated Gold Fields** put on 4 to 480p.

Australian mines shrugged aside recent concern over high domestic interest rates to present a steady-to-firm appearance. The recovery in the copper price aided **MIM Holdings**, 4 up at 115p, and **Bougainville**, 3 dearer at 85p. Golds also improved marginally with gains of 5 common to Central Norseman, 310p, and Gold Mines of Kalgoorlie, 450p.

Traded Option volume remained relatively buoyant with 16,076 contracts transacted—12,294 calls and 3,782 puts. Next Friday sees the introduction of options in Cable and Wireless.

FINANCIAL TIMES STOCK INDICES

	Dec. 6	Dec. 5	Dec. 4	Dec. 3	Dec. 2	Nov. 29	year ago
Government Secs	83.36	83.43	83.78	83.56	83.86	86.81	83.27
Fixed Interest	89.07	82.16	88.33	82.18	88.38	89.38	86.33
Ordinary ♥	1117.6	1110.4	1116.8	1128.3	1124.4	1149.9	223.0
Gold Mines	276.8	277.5	276.3	270.6	272.7	293.8	647.6
Ord. Div. Yield	4.42	4.44	4.41	4.37	4.36	4.30	4.66
Earnings, Yld. % (full)	10.96	11.02	10.86	10.85	10.84	10.68	11.80
P/E Ratio (net) (*)	11.24	11.30	11.25	11.35	11.38	11.53	10.02
Total bargains (Est.)	30,087	28,538	34,219	31,235	26,864	26,160	22,886
Equity turnover £m.	—	666.82	743.74	559.54	477.63	490.17	461.27
Equity bargains	—	33,453	23,356	24,763	24,864	22,508	87,110
Shares traded (ml)	—	519.1	342.8	274.5	220.7	340.4	287.8

♥ 10 am 1108.4. 11 am 1109.1. Noon 1112.7. 1 pm 1113.3. 2 pm 1114.3. 3 pm 1116.4. 4 pm 1115.8.

Day's High 1117.8. Day's Low 1107.3.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil=10.63.

HIGHS AND LOWS

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	84.57 (10/10)	78.02 (28/1)	127.4 (9/1/35)	42.18 (3/1/75)
Fixed Int.	90.38 (23/10)	82.17 (28/1)	130.4 (28/11/47)	50.35 (3/1/75)
Ordinary	1146.8 (26/11)	911.0 (25/7)	1146.9 (23/11/85)	49.4 (26/6/40)
Gold Mines	636.9 (15/4)	217.6 (6/11)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY INDICES

	Dec. 6	Dec. 4
Daily Gilt Edged Bargains	149.1	133.4
Equities Bargains	216.8	161.5
Value	1347.8	1307.3
5 day Average Gilt Edged Bargains	144.8	143.7
Equities Bargains	157.1	136.6
Value	1192.5	1178.5

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Dec 2	Dec 13	Mar 6	Mar 17
Dec 16	Jan 3	Mar 26	Apr 7
Jan 6	Jan 1	Apr 10	Apr 12

For rate indications see end of Unit Trust Service

Stocks favoured for the call included **Polly Peck, ASDA-MFI, West Coast, Aboca Investments, Laura Ashley, STC** and **Coloroll**. A put was done in **Aitken Hume**, but no doubles were reported.

LEADERS AND LAGGARDS

Percentage changes since December 31 1984 based on Thursday, December 5 1985

1985			
Stores	+43.18	Other Groups	+17.47
Office Equipment	+41.61	Health and H'sehold Products	+17.44
Metals and Metal Forming	+41.02	Banks	+17.22
Insurance (Life)	+38.83	Food manufacturing	+17.04
Motors	+37.35	Mechanical Engineering	+16.22
Shipping and Transport	+36.96	Industrial Group	+15.74
Brewers and Distillers	+36.12	500 Share Index	+14.22
Packaging and Paper	+29.67	All-Share Index	+14.00
Telephone Networks	+29.36	Insurance Brokers	+10.58
Newspapers, Publishing	+27.68	Investment Trusts	+10.32
Textiles	+27.57	Leisure	+ 3.96
Insurance (Composite)	+27.13	Property	+ 5.04
Merchant Banks	+25.41	Oils	+ 3.72
Contracting, Construction	+25.24	Capital Goods	+ 1.92
Consumer Group	+23.01	Chemicals	− 0.55
Building Materials	+22.44	Electricals	− 1.29
Food retailing	+21.77	Overseas Traders	− 7.40
Other Industrial Materials	+18.20	Mining Finance	− 2.68
Financial Group	+18.00	Tobacco	−11.50
		Electronics	−27.22
		Gold Mines Index	−42.03

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. § Figures based on prospectus estimates. g Assumed dividend and yield. H Dividend and yield based on prospectus or other official estimates for 1985. u Forecast otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. § Placing price. §‡ Reintroduced. ¶ Issued in connection with reorganisation merger or takeover. ‖ Introduction. † Issued to former preference holders. ■ Allotment letters (or fully paid). • Provisional or partly-paid allotment letters. ★ With warrants. †† Dealt in under Rule 535 (3). # Dealt in under Rule 535 (4) (a). † Units comprising five ordinary and one warrant.

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (41) NEW LOWS (42)

[illegible]

LEISURE (4): Fairline Boats, First Leisure, Saga Holidays, Vetters

MOTORS (1): Automotive Prods

PAPER (1): Bunzl

PROPERTY (3): Ldn. Shop Prop, Do. SpCCv. '94, Capero Props.

TRUSTS (3): Fleming Claverhouse, Hill (Philip), NMC Inv.

OVERSEAS TRADERS (1): Lonrho

SHIPPING (2): Lyle Shipping, Do. Prd. Ord.

TEXTILES (1): Burmatex

TRUSTS (3): London 7sts Wrnts., Pacific Assets, Plantation Trust

OILS (6): Bridge Oil, Palliser Intl., North Sea & Gen. Inv., Petranol, Ohio Resources, Sapphire Petroleum

PLANTATIONS (2): Afro-West Mining, Malay Plantations

MINES (6): Glen-West Mining, Geevor Tin, FEA, Tanjong Tin, Kitchener Mining, Tronoh Mines

RISES AND FALLS YESTERDAY

	Yesterday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	5	22	82	173	277	145
Corporations, Dom. and Foreign Bonds	5	22	56	48	104	253
Industrials	319	344	826	1,012	2,211	4,222
Financial and Properties	119	107	339	388	848	1,599
Oils	25	13	88	79	154	400
Plantations	6	2	10	13	29	48
Mines	35	44	105	164	255	510
Others	83	63	102	314	353	544
Totals	597	617	1,609	2,191	4,181	7,721

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Ashley (Laura)	194	+ 6	Habitat Mothercare	500	—
Bass	675	+22	Jaguar	317	+ 1
Beecham	340	+20	Lex Service	287	—
Boots	243	+ 3	Metal Closures	151	+15
BP	555	+ 8	Sunleigh Elecrs.	17	+ 5
Coats Patons	167	+ 9	Unigroup	73	+10

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Thurs. close	Day's change	Stock	No. of changes	Thurs. close	Day's change
Boots	34	240	− 7	Tech. C. Inds.	22	190	—
British Benzol	29	51	+ 1½	Ashley (Laura)	21	188	—
Br. Home Strs.	29	414	−12	Burton	21	555	+10
United Biscuits	24	255	− 1	Beecham	19	320	+ 2
Abbott Md. V.	23	203	—	Dec Coron.	19	270	−13
Saatchi and S.	23	725	−10	Plessey	19	172	− 2

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday

Stock	No. of changes	Last Thurs. close	Change on week	Stock	No. of changes	Last Thurs. close	Change on week
Br. Home Strs.	156	414	—	Distillers	101	492	−16
Plessey	135	172	+26	BAT Industries	100	276	+ 5
United Biscuits	117	255	−21	ICI	75	711	− 3
Boots	115	240	−23	Thorn EMI	71	414	− 8
Beecham	106	320	+ 2	Brit. Aerospace	57	463	− 7
GEC	105	172	− 4	British Benzol	33	51	+16½

S E DEALINGS

STERLING ISSUES BY FOREIGN GOVERNMENTS AND INTERNATIONAL INSTITUTIONS

[illegible]

CORPORATION AND COUNTY

[illegible]

UK PUBLIC BOARDS

[illegible]

FOREIGN STOCKS (coupons payable in London)

[illegible]

STERLING ISSUES BY OVERSEAS BORROWERS

[illegible]

BANKS, DISCOUNT

[illegible]

BREWERIES

[illegible]

COMMERCIAL, INDUSTRIAL A—B

[illegible]

C—D

[illegible]

E—F

[illegible]

G—H

[illegible]

I—K

[illegible]

L—M

[illegible]

هكذا من الأصل

STOCK EXCHANGE DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ⊕ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

MY Dart Dld (10p) 27 8
McAlpine (Alfred) 9pcPf 111½ (2/12)
Macanis (London) 7¼pcLn 1986-91 £70 (4/12)
McCarthy Stone 7pcLn 1999-04 £145 6
McCorquodale 8½pcLn 1994-98 £77 (4/12)
McKechnie Bros 10pcLn 1994-99 06 2/30 182 (2/12)
Magnet Southerns 5.25pcPf (£1) 75 (4/12)
Manganese Bronze Hldgs 8¼pcPf (£1) 64 (4 12)
Manor Nat 10½pcPf (£1) 90
Marks Spencer 7pcPf (£1) 60
Morley 6½pcPf (£1) 59. 11¼pcDb 2008 £105 (3/12)

Trinity Int Hldgs (50p) 238 (5/12)
Trusthouse Forte 6.25pc 1stDb 1985-90 £92½. 10.5pcDd 1991-96 £98. 8.1pc Ln 1995-2000 £94¼ 0 (3/12)
Turner & Newall 8pcDd 1987-92 £83½ (5/12). 10.1pcDb 1990-95 £89 (2/12). 11¼pcDb 1995-2000 £00½ (3/12)
UBM Grp 7¼pcDb 1986-91 £86½ (2/12)
Underwoods (10p) 189. (10p) 184 5 8 7 8 9
Unigate 6pcPf (£1) 53 (3/12). 5¼pcDb 1983-08 £86¼. 7¼pcDb 1986-91 £85½ (3/12). 9½pcLn 1991-96 £72½. 9½pcLn 1992-97 £63½ (4/12)

Stockholders Invst Trst 5pcPf 45½
TR Australia Invst Trst wts to sub 94
TR City of London Trust (£1) 188 (3/12). 11½pcDb 2014 £102¼
TR Industrial Gen Trst 5¼pcDb 1992-97 £93½ (3/12). 5¼pcDb 1982-87 £95¼ (2/12)
TR Pacific Basin Invs Trst 335 7 (28/11)
TR Technology Invst Trst 5pcPf (£1) 4a½ (4/12)
Throgmorton Secured Growth Trst 7¼pcDb 1988 £82½ (2/12)
Throgmorton Trst 12¾pcDb 2010 £100½
Trans-Oceanic Trst 5pcPf £44
Triplevest 7¾pcDb 1987-91 £85 (28/11)

Gibbs Mew 125
Hamoden Homecare New (10p) 04 5 7
Horne (Robert) Grp NonV A (20p) 152
Nantorprint Grp 6½pcPf (£1) 95 (2/12)
IntraRed Associates Inc ($0.10) 70 2 3 5
Intervision Video (Hldgs) (10p) 1/64 2 ½ 5
J.S. Pathology New (10p) 197 8; 9 9; 200 1 2
Kenyon Secs 270 (29/11)
Magnetic Materials Grp New (10p) 100 2 ½ 3
Memory Computer 7.8pcPf (IrC1) 1804-98 120 (2/12)
Mbtsec (10p) 68 0; ¼; (3/12)

NORTH—SOUTH

W—Y—Z

FINANCIAL TRUSTS

INSURANCE

INVESTMENT TRUSTS

MINES—MISCELLANEOUS

MINES—SOUTH AFRICAN

OIL

PROPERTY

PLANTATIONS

RAILWAYS

SHIPPING

UTILITIES

WATERWORKS

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

(By permission of the Stock Exchange Council)

Tiosiae Grp 11½pcLn 1991-96 £101 (4/12)
Tomkins (F. H.) 9¼pcLn 1994 £187
Tootal Grp 5pcPf (£1) 42½ 3 ½. 4¼pc Do £40 (4/12). 7¼pcDb 1905-90 85½. 7¾pcLn 1989-94 £79½
Towles (10p) 90 (3/12). A NV (10p) 05 (4/12)
Tozer, Kemsley & Millbourn Hldgs 8.5pc Prf (20p) 34 5 ½ 0.7.0 ¼ 9 40 1
Trafalgar House 7pcDb (£1) 61¼ ½ (4/12). 8pcLn 1994-99 £76 7 (4/12). 0½pcLn 2000-05 £86 7 (4/12). 10¼pc Ln 2901-90 £95 (4/12)
Treforest Silk Printers 6pcPf (£1) 46½ (2/12)

Raeburn Invst Trst 5pcPf £45 (29/11)
Rights and Issues Invst Trst 54 (3/12). 7½pcPf (£1) 80 (2/12)
River Mercantile Trst 5pcPf £45 (2/12)
River Plate Gen Invs Trst 85 (3/12). 4pcDb £29 (2/12)
St Andrew Trst 5¼pcPf £47½ (29/11)
Scottish Eastern Invst Trst 4½pcPf £39 (3/12)
Scottish Invst Trst 3.5pcPf £40 (3/12). 5pcDb £39 (2/12)
Scottish Mortgage Trst 5pcPf £44 (29/11). 8-14pcDb 2020 £121¼ (29/11)
Shires Invst (50p) 199. Wrts to sub 36. 11pcLn 2003-04 £112 (3/12)

UNLISTED SECURITIES MARKET

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

80 Holdenhurst Rd, Bournemouth 0345 717373

	Bid Price	Offer Price	+ or −	Yield Gross
High Income				
Gilts & Fixed Int.	110.1	116.7		10.27
High Inc Equity	77.2	82.1		6.02
Worldwide Bond	153.8	164.1	+0.1	5.89
Capital Growth				
American Growth	135.1	143.1		2.46
Asian Pacific	43.4	47.1	+0.3	2.65
Assets & Ergs. Tt.	80.5	86.0	−0.2	1.70
Capital Reserve	60.7	61.0		—
Commodity & Engy	64.0	69.0	+0.1	1.14
European Capital	60.0	62.8	+0.7	2.59
General	119.1	127.2	+0.5	3.34
Japan	49.3	53.0	−0.1	—
Mastertrust	47.0	50.6	+0.1	1.78
UK Growth Acc Units	105.3	112.2	−0.1	—
UK Growth Dist	73.5	79.0	−0.5	1.95
U.S. Emerging Gth.	52.6	56.5	+0.5	0.46
Equitas Prog.	169.7	180.4	+0.9	3.37

Brown Shipley & Co Ltd (a)(g)

9-17 Perrymount Rd, Haywards Hth 0444 458144

B.S. Fund	49.5	53.0		4.35
B.S. Accum.	81.5	87.2		4.35
Financial	106.0	114.0		2.15
Gold Fund	24.9	26.5		2.00
Growth Accum	152.5	163.8		—
Growth Income	99.3	105.8		2.00
High Income	52.4	56.4		7.16
Income	61.1	65.7		5.97
North American	51.0	55.0		1.27
Orient	49.5	53.0		0.22
Recovery	29.8	31.1		3.24
Technology	111.4	119.8		0.76

Buckmaster Management Co Ltd (a) (c)

The Stock Exchange, London EC2P 2JT 01-588 2868

General Inc Dec 5	174.5	183.6		4.20
Accum Units Dec 5	278.9	289.1		4.20
Income Dec 4	82.5	86.2		6.40
(Accum Units) Dec 4	141.7	147.9		6.40
International Dec 3	97.8	102.2		2.70
(Accum Units) Nov 26	128.2	133.9		2.80
Smaller Co's Dec 6	867.6	925.1	−10.3	2.50
(Accum Units) Dec 6	906.0	970.5	−10.8	2.50

CS Fund Managers Limited

125 High Holborn, London WC1V 6PY 01-242 1148

Gartmore Fund Managers (a) (c) (g)

2 St Mary Axe, London EC3A 8BP 01-623 1212

Dealing only: 01-623 5766/5806

Global Asset Management

GAM Sterling Management Ltd

12 St James's Place, London SW1 01-493 9990

Legal & General (Unit Tst. Mngrs.) Ltd

5 Rayleigh Rd, Brentwood 0277 234634

Leonine Administration Ltd

20 Copthall Ave, London EC2R 7JS 01-600 7595

Leo Distribution	210.5	223.9		0.01
Leo Accum	255.3	268.2		0.01

Lloyds Bk. Unit Tst. Mngrs. Ltd (a)

Registrar's Dept, Goring-by-Sea, Worthing, W Sussex 0903 502541 Dealing 0444 459144

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Oppenheimer Fund Mngt Ltd
66 Cannon St, London EC4N 6AE Dlg. 01-236 3885

International Growth	100.3	107.3	+0.9	1.30
Income & Growth	46.2	49.2	-0.1	2.8
Special Situations	57.6	61.3	-0.1	1.20
American Growth	27.5	29.3	-0.1	1.50
Japan Growth	34.0	36.2xd	-0.1	—
European Growth	44.1	47.1	+0.6	2.50
UK Growth	44.3	47.3xd	-0.3	1.4
Pacific Growth	31.8	34.0xd	+0.4	2.0
High Income	30.0	32.0	----	7.6
Practical Income Units	43.7	46.5	-0.1	2.70
Practical Accum. Units	78.6	83.7	-0.2	2.70

Pearl Trust Managers Ltd (a)(g)
252 High Holborn, WC1V 7EB 01-405 8441

Pearl Growth Fd.	69.2	73.6	+0.3	2.90
Accum Units	102.4	108.9	+0.5	2.90
Pearl Inc.	96.2	102.3	+0.3	4.82
Pearl Unit Tst.	101.3	107.8xd	+0.4	3.82
(Accum. Units)	173.5	184.6	+0.7	3.82
Pearl Intl Equity	94.0	100.0	----	2.00
(Accum Units)	94.0	100.0	----	2.00

Perpetual Unit Trust Mngmt. (a)
48 Hart Street, Henley on Thames 0491 576868

International Growth	208.3	220.3	+0.9	1.47
Income	150.0	160.7	+0.5	5.42
Worldwide Recovery	116.6	125.2	+0.5	2.19
American Growth	58.0	62.3	-0.4	1.10
Intl. Emerging Cos.	62.2	66.8	+0.3	0.75
Far East Growth Fd.	51.0	54.7	+0.2	1.19

Prolific Unit Trusts
222 Bishopsgate, London EC2 01-247 7544/7

Prolific American Inc.	48.6	51.7	-0.1	5.13
Prolific Far East	108.3	115.2	-0.3	0.25
Prolific Extra Inc.	67.3	71.4	-0.2	5.67
Prolific Convert & Gilt	83.5	88.5xd	-0.2	7.12
Prolific High Inc.	142.0	150.6xd	-0.3	4.99
Prolific Intl.	88.2	93.8	+0.2	1.67
Prolific N. Amer.	116.7	124.1	+0.3	2.18
Prolific Spec. Sits.	157.0	166.5xd	-1.1	1.42
Prolific Technology	101.9	108.4xd	+0.4	0.68

Providence Capital Fd. Mgrs. Ltd
30 Uxbridge Road, London W12 8PG 01-749 9111

Sun Life Trust Mngmt. Ltd
107 Cheapside, London EC2V 6DU 01-606 6010

American Growth Acc.	23.6	25.1	+0.1	2.0
American Income Acc.	24.1	25.6	+0.9	4.9
American Income Inc.	24.1	25.6	+0.9	4.9
European Growth Acc.	34.6	36.8	+0.5	2.4
Far East Growth Acc.	26.3	28.0	-0.1	0.9
Int. Growth Acc.	25.2	26.8	+0.1	0.9
Japan Growth Acc.	31.5	33.5	....	0.4
UK Growth Acc.	29.1	31.0	+0.2	2.4
UK Income Acc.	25.6	28.3	+0.1	4.4
UK Income Inc.	26.6	28.3	+0.1	4.4

Swiss Life Pen. Tst. Man. Co Ltd (a)(c)
99-101 London Rd, Sevenoaks 0732 450161

Equity Dist.*	239.6	253.5xd	....	3.78
Equity Acc.*	288.9	305.7xd	....	3.78
Fixed Int. Dist.†	116.0	120.3xd	....	11.25
Fixed Int. Acc.†	170.2	176.3xd	....	11.25

*Prices on Dec 2. Next dealing Dec 11
†Prices on Dec 4. Next dealing Jan 2

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens House, Andover, Hants SP10 1PG
0264 62188 Dealings to 0264 63432-3

TSB American	95.5	101.7	+0.6	1.28
Do. Accum.	99.4	105.8	+0.5	1.28
TSB Extra Income	89.0	94.7	-0.1	6.03
Do. Accum.	102.4	109.0	-0.1	6.03
TSB General	134.7	143.9	+0.7	3.06
Do. Accum.	217.7	231.6	+1.3	3.06
TSB Gilt & Fxd Int.	47.0	49.0	....	9.09
Do. Accum.	58.9	61.4	-0.1	9.03
TSB Income	176.9	188.2xd	+0.6	4.76
Do. Accum.	271.5	286.9	+0.9	4.76
TSB Pacific	106.6	113.5	+0.2	0.62
Do. Accum.	109.4	116.4	+0.2	0.62
TSB International	238	253.9	+1.7	1.96
Do. Accum.	292.9	311.6	+2.1	1.96
TSB Natural Resources	41.6	44.3	....	1.92
Do. Accum.	42.4	45.3	....	1.92
TSB Selcd. Opps.	49.0	52.3	....	2.23
Do. Accum.	53.2	56.7	-0.1	2.23

3i & Target Fund Mgrs Ltd

INSURANCES

Allied Dunbar Assurance Plc

Ambassador Life Ass. Co Ltd

Baltic Assurance Funds

[illegible]

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

World Fund SA
2 Boulevard Royal, Luxembourg
World Fund NAV ... $13.91 | −0.02 | —

World Wide Growth Management
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd ... $16.16 | −0.09 | —
Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Yamaichi Dynamic Mngt Co SA
10a Boulevard Royal, Luxembourg
Advanced Tech ... $12.35 | +0.14 | —
Dynamic Grwth Fd ... $11.01 | +0.22 | —

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey 0481 26268
Zero Bond Fund ... $10.19 10.80 | — | —

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund — 77 London Wall, London EC2N 1DB — 01-588 1815				
Deposit	11.50	—	—	3-Mth
The Money Market Trust — 61 Qn Victoria St, EC4N 4ST. — 01-236 0952				
Call Fnd	11.75	8.77	12.83	6mth
7-day Fnd	11.71	8.75	12.83	6mth
Oppenheimer Money Management Ltd — 66 Cannon St, EC4N 6AE. — 01-236 1425				
Call Fnd	11.29	8.37	12.21	6-Mth
7-day Fund	11.13	8.32	12.13	6-Mth
Dollar	7.30	—	—	6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc — 22 Charlotte Sq. Edinburgh, EH2 4DF — 031-225 8484				
Full Service Cur Acc	11.00	8.00	11.78	Qtr
Aitken Hume — 30 City Road, EC1Y 2AY. — 01-638 6070				
Treasury Acc	11.00	8.22	12.11	Qtr
Mth. Int. Chq.	11.000	8.22	12.18	Mth
Allied Arab Bank Ltd — 97-101 Cannon St, London, EC4N 5AD — 01-283 9111				
HIBCA	11.50	8.60	12.78	mth
Bank of Scotland — 38 Threadneedle St, EC2P 2EH. — 01-628 8060				
Money Mkt Cheque Acc	11.00	8.22	12.18	Mth
Barclays Prime Account — PO Box 125, Northampton — 0604 252891				
High Int. Cheque	11.00	8.25	12.31	Qtr
Britannia Investment Services Ltd. — 74-78 Finsbury Pavement, EC2A 1JD. — 01-588 2777				
Cater Allen	11.00	8.23	12.20	Mth
Charterhouse Japhet plc — 1 Paternoster Row, EC4M 7DH. — 01-248 3999				
Sterling	11.13	8.32	12.34	Mth
U.S. Dollar	7.25	7.25	7.50	Mth
German Marks	4.25	4.25	4.33	Mth
Swiss Francs	3.50	1.30	1.51	Mth
Japanese Yen	5.00	5.00	5.12	Mth
Citibank Savings — St Martins Hse, Hammersmith Grove — 01-748 9251				
Money Market Plus	—	9.34	13.93	Mth
Co-operative Bank Cheque & Save — 78-80 Cornhill EC3 01-626 6543.				
£500-£2,500	9.50	7.10	10.41	Qtr
£2,500 +	12.06	9.03	13.33	Qtr
Dartington & Co Ltd — Dartington, Totnes, Devon TQ9 6JE. — 0803 862271				
Money Mkt Acc	11.00	8.22	12.11	Qtr
Edward Manson & Co Ltd — 9 Henrietta Place W1M 9AG — 01-631 3313				
Cheque Deposit Acc	11.50	8.59	12.76	Mth
Henderson/Bank of Scotland — 38 Threadneedle St EC2P 2EH — 01-628 8063				
Money Mkt. Cheque Acc.	11.00	8.22	12.18	Mth
Legal & General (Money Mngrs) Ltd — 356 Euston Road, NW1 3AG — 01-388 3211				
High Int Dep Acc	11.64	8.70	12.70	6-mth
Lloyds Bank PLC — 71 Lombard St, London, EC3P 3BS. — 01-626 1500				
HighIntCheque Account	11.25	8.25	12.16	Qtr
Lombard North Central PLC — 17 Bruton St, W1A 3CH. — 01-409 3434				
14-Day Notice	11.500	8.596	12.280	—
M & G/Kleinwort Benson — 91-99 New London Rd, Chelmsford. — 0245 51651				
N.I.C.A.	11.00	8.22	12.21	Daily
Midland Bank plc — PO Box 2, Sheffield. — 0742 20999 Ext 8655				
High Int Chq Acc	10.70	8.00	11.92	Qtr
£10 000 +	11.10	8.30	12.39	Qtr
Oppenheimer Money Mgmnt Ltd — 66, Cannon St, EC4N 6AE. — 01-236 1425				
Money Mngt. Acct.	11.00	8.23	—	3-Mth
Phillips & Drew Trust Ltd — 120 Moorgate, London EC2M 6XP — 01-628 9771				
High Int Chq Acc	11.3125	8.46	12.47	Qtr
Provincial Trust — 30 Ashley Rd, Altrincham, Cheshire — 061-928 9011				
Cheque Acc	11.50	8.60	12.79	Mth
Royal Bank of Scotland plc — 24 Lombard St, London EC3V 9BA — 031-557 0201				
Premium Account	11.0	8.23	12.12	Qtr
Save & Prosper/Robert Fleming — 26 Western Rd, Romford RM1 3LB. — 0708 66966				
N.I.B.A.	10.83	8.10	12.05	Daily
Tyndall & Co — 29-33 Princess Victoria St, Bristol. — 0272 732241				
Demand Acc	11.38	8.57	12.15	Qtr
Money Acc	11.03	8.25	12.15	Qtr
J. Henry Schroder Wagg & Co Ltd — Enterprise House, Portsmouth — 0705 827733				
Special Acc	11.00	8.22	12.20	Mth
Over £10,000	11.25	8.41	12.49	Mth
Western Trust & Savings Limited — The Moneycentre, Plymouth PL1 1SE — 0752 24141				
High Int Chq Acc	11.63	8.69	12.83	Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. Dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend.

OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	28
BAT	26
BOC Grp.	27
BSR	8
BTR	33
Babcock	13
Barclays	33
Beecham	30
Blue Circle	50
Boots	18
Bowaters	30
Brit Aerospace	32
Brit. Telecom	17
Brown (J.)	3½
Burton Ord	45
Cadburys	13
Charter Cons	18
Comm Union	23
Courtaulds	13
Distillers	36
FNFC	12
Gen Accident	55
Gen Electric	14
Glaxo	108
Grand Met	30
GUS 'A'	70
Guardian	60
GKN	20
Hanson Tst.	18
Hawker Sidd	36
ICI	42
"Imps"	16
Jaguar	27
Ladbroke	27
Legal & Gen	60
Lex Service	24
Lloyds Bank	35
Lucas Inds	38
Marks & Spencer	13
Midland Bk	35
NEI	10
Nat West Bk	55
P & O Dfd	35
Plessey	14
Polly Peck	21
Racal Elect	15
RHM	12
Rank Org Ord	35
Reed Intnl	60
Sears	11
TI	35
Tesco	24
Thorn EMI	34
Trust Houses	12
Turner Newall	9½
Unilever	90
Vickers	35
Property	
Brit Land	14
Land Secs	26
MEPC	26
Peachey	24
Samuel Props	15
Oils	
Brit. Oil & Min	3½
Brit Petroleum	45
Burmah Oil	27
Charterhall	4
Premier	5
Shell	55
Tricentrol	18
Ultramar	18
Mines	
Cons Gold	40
Lonrho	12
Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON SHARE SERVICE

BRITISH FUNDS

1985 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
101	99	Exch. 11¾pc '86	99	.....	11.76	11.65
99	96¼	Treas. 10pcCnv 1986	99½	.....	10.05	11.40
96	92¼	Treas 3pc 1986	96	+	3.10	10.96
100	97½	Exch. 10½pc 1986	99	.....	10.53	11.28
101⅞	99¼	Treas 12pc 1986	100 xd	.....	11.96	11.39
98	94⅝	Treas 8¼pc 1984-86‡‡	98 xd	+	8.61	11.03
105	102¼	Exch. 14pc 1986	102¼	.....	13.69	11.19
94	87¼	Exch. 2½pc 1986	94	.....	2.63	8.27
104	101¼	Exch. 13¼pc 1987	101	–	13.01	11.37
99	96⅝	Treas 10¼pcCv '87	98¾	–	11.37	11.20
93¼	85½	Exch 2½pc 1987	92	.....	2.69	8.74
100	96¼	Exch. 10½pc 1987	99	–	10.59	11.16
95	89	Funding 6½pc '85-87‡‡	94	+	6.86	10.66
99	95½	Treas. 10pc 1987	98 xd	.....	10.16	11.17
91¼	84¼	Treas 3pc 1987	91	–	3.30	8.96
102	99⅛	Treas. 12pc 1987	101	–	11.83	11.11
95	90¼	Treas 7¾pc 1985-88‡‡	94¼	.....	8.24	10.86
100	95½	Exch 10½pc '88	98	–	10.61	11.01
98¼	93¾	Treas 9¾pc Cv '88	97 xd	–	10.03	11.07
87	80	Transport 3pc '78-88	87½xd	.....	3.44	8.55
97⅝	91½	Treas. 9½pc '88	96	–	9.68	11.06
102¾	97½	Treas 11½pc 1989	101¼	–	11.36	10.98
97	90¾	Treas 9½pc Cnv. '89	95¾	–	9.91	10.98
84⅛	79	Treas 3pc 1989	84	.....	3.57	8.47
99⅞	94	Treas 10½pc 1989	98⅝xd	–	10.64	10.99
98⅜	92	Exch 10pc 1989	96	–	10.31	11.02
101	95	Exch 11pc 1989	100	–	10.99	10.96
86¼	79	Treas 5pc 1986-89	85	.....	5.82	9.43
40¾	39	Exch 10¼pcCv '89 (£40pd)	39	–	10.41	10.75
108	103⅞	Treas 13pc 1990‡‡	106	–	12.17	10.90

AMERICANS

BUILDING, TIMBER, ROADS—Cont.

DRAPERY & STORES—Cont.

ENGINEERING—Continued

HOTELS—Continued

INDUSTRIALS (Miscel.)

ELECTRICALS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ENGINEERING

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

CANADIANS

BANKS, HP & LEASING

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

FOREIGN BONDS & RAILS

AMERICANS

هكذا من الاصل

INDUSTRIALS—Continued

1985 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
238	146	McCarthy Pb. 20p	237	.....	8.2	2.0	4.9	14.6
130	87½	Macfarlane Gp.	123	.....	†12.16	3.1	2.5	17.3
47	34	Macellan (P & W) 20p	42	–1	†1.7	2.3	5.8	8.7
88	46	Magnolia Group	88	.....	2.6	3.0	4.2	10.7
60	28	Mainmet Hldgs 10p	52	–2	—	—	—	84.9
515	202	Man. Ship Can. £1	485	–2	5.5	3.5	1.6	25.5
123	70	Marley	119	+1	3.75	2.2	4.5	14.4
107	52	Marling Ind. 10p	88	.....	d1.5	5.1	2.4	11.2
82	36	Marshall L'xy. 'A'	72	+2	†2.4	4.9	4.8	5.2
77	55	Marshall's Universal	69	–3	†2.0	1.4	4.1	(21.9)
89	78	Do. 7½pcCvRedPf £1	87xd	.....	7½%	—	12.3	—
£110	£61	Mathesons 7¾%	£110	.....	G7¾%	2.3	17.2	—
25	15	Maxiprint 1p	19	.....	—	—	—	—
551	375	Metal Box £1	513xd	+5	17.25	3.0	4.8	8.1
170	110	Metal Closures	151	+15	6.7	2.0	6.3	9.4
17	3	Metal Sciences 2½p	4½	.....	—	—	—	—
104	63	Midland Marts	80xd	.....	4.0	2.1	7.1	9.6
85½	55½	Mitchell Cotts	68xd	.....	4.25	2.0	8.9	(6.9)
250	182	Morgan Crucible	199	–1	†8.0	1.6	5.7	13.8
33	20	Morris (W) F.A. 20p	20	–1	g0.5	◆	3.6	◆
131	91	Moss (Robt.) 10p	110xd	+1	†3.0	2.7	3.9	11.9
81	60	Mysan Grp 10p	65xd	.....	g2.5	3.4	5.5	12.3
323	214	NMW Computers	315	–8	†d4.8	2.7	2.2	24.2
43	28	Nash Inds.	34	.....	†2.5	1.5	‡	6.9
48	13	Neil & Spencer 10p	16	.....	‡	—	—	4.8
44	14½	Newman Inds 10p	31	.....	20.3	—	1.4	(14.7)
57	25	Nolton	50	–2	0.95	2.6	2.7	18.9
216	146	Norcros	200	.....	8.6	2.2	6.1	10.0
67	45	Nu-Swift 5p	48	.....	†3.0	1.9	8.9	7.8
114	68	Oakwood Grp.	92	–3	†d4.5	1.4	7.0	(13.5)
250	150	Office & Elect	210	.....	†7.5	2.6	5.1	10.8
108	75	Oldacre 20p	82	.....	4.0	2.6	7.0	7.3
58	37	Optometrics $0.01	48	.....	ud02c	—	3.9	—
525	312½	Oriflame £1	525	+25	†23.4	1.8	4.5	12.4
18	5½	Overstone 12½c	9xd	.....	g03.23c	1.9	8.7	6.1

LEISURE—Continued

1985 High	Low	Stock	Price	+ or –
32	24	Campari Int. 20p	32	+1
213	177	Central TV N/V 50p	213	.....
223	170	Chrysalis	218	.....
52	7	Entertain Prod 5p	[illegible]	.....
100	50	Fairline Boats 10p	96	+5
422	228	First Leisure £1	422	+5
69	51	GRA Group 5p	66	–2½
32	25	Grampian TVA 10p	30	.....
15	10	Greenwich Cable Comm.	8	.....
175	117	HTV Non/Vtg.	175	.....
149	78	Horizon	94	+1
140	95	Intl Leisure 10p	107	+2
232	75	Juliana's Hldgs 2p	75	–15
300	217	LWT	295	.....
36½	23½	Leisure Inv 10p	32	.....
65	53	Leisuretime Int 10p	54	.....
115	98	Lowndes	103	–2
183	153	Media Tech Int 20p	167	–1
205	124	Medminster 10p	196	.....
280	160	Miss World 10p	160	–20
127½	68	Nationwide Leisure	70	+2
39	10½	Mmsic Int 20c	10½	–1
27	19½	Owners Abroad	22½	–¼
54	36	Photax (Lon.)	46	+4
24½	18	P'dilly Radio NV 5p	24	.....
90	30	Pineapple Dnc St 10p	35	–2
342	163	Pleasurama 5p	325	–5
161	109	Do. 7pcCvCnvRedPf	152	–2
96	77½	Pres Entertain 50p	87	+2
65	18	Radio City 'A' NV	26	–1
55	36	Radio Clyde N/V	41	.....
63	34	Riley Leisure 10p	53	+1
195	143	Saga Hols. 20p	195	+3
289	97	Samuelson Grp 20p	279	.....
111	25	Sangers Photo 10p	103	+8

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

FINANCE, LAND—Cont.

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

1985 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
420	48	Ecliby Res Corp	65	.....	—	—	—
550	175	Cons. Murch. 10c	215	.....	g006½c	5.9	9.7
40	24	Endes Int 3r10p	32	.....	—	—	—
123	78	Greenwich Res	78	.....	—	—	—
215	115	Hampton Areas 10p	147	+2	3.75	0.9	14
260	135	Highwood Res	145	+5	—	—	—
£22½	£15½	Homestake Mining $1	£15½	–¼	Q20c	—	0.9
310	155	McFinley Red Lake	210	–10	—	—	—
335	195	Mueto Explorations	250	–10	—	—	—
55	23	New Sabina Res C$1	42	–1	—	—	—
375	195	Northgate C$1	227	–3	—	—	—
635	507	RTZ	518	+6	120.0	2.8	5.5
£145½	£114½	Do. 9¼pcLn'95-2000	£117	+3	Q9¼%	14.0	8.4
960	850	Tara Exptn $1	850	–12	—	—	—

INSURANCES

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- ■ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value

B Fr. Belgian Francs. Fr. French Francs. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1985. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –	Stock	Price	+ or –
Albany Inv 20p	102	.....	Fin 13% 97/02	£105¼	.....
Craig & Rose £1	880xd	.....	Arnotts	227xd	.....
Finlay Pkg. 5p	52	.....	CPI Hldgs	78	.....
Holt (Jos) 25p	710	.....	Carroll Inds.	150	.....
IoM Stm. £1	70	.....	Dublin Gas	75	–2
			Hall (R & H.)	56	.....
IRISH			Heiton Hldgs.	23½	.....
Fund 11¼% 1988	£109⅞	.....	Irish Ropes	45	.....
Nat. 9¾% 84/89	£95¾	.....	Unidare	130	.....

"Recent Issues" and "Rights" Page 14

FINANCIAL TIMES
Saturday December 7 1985

Bill to give police wider powers

BY ROBIN PAULEY

THE POLICE will receive sweeping powers to control demonstrations, marches and all open-air assemblies — ranging from mass pickets to football crowds—under proposals published in a Public Order bill yesterday.

The bill will have its second reading in the Commons just before or just after the Christmas recess and should be on the Statute Books by the summer—well before the next football season.

Mr Douglas Hurd, the Home Secretary, has accepted most of the proposals published in a White Paper by his predecessor, Mr Leon Brittan. One notable exception is that he has dropped plans to allow the police to ask for bans on individual marches. The police feared this change might expose them to charges of political bias.

The bill creates some new offences—principally riot—for which the maximum sentence will be jail for life. Another is disorderly conduct, applicable to anyone using abusive, threatening, insulting or disorderly behaviour when they have reasonable ground to suspect it will cause alarm, harassment or distress to another person. The maximum fine will be £400.

To deal with football hooligans, courts will have the right to order anyone convicted of a football-related offence not to attend prescribed football matches and to order a photograph to be taken of the person to help police enforce exclusion orders at football grounds. It will be an offence to go to a football match with a firework or smoke bomb. Mini-buses will join the list of vehicles in which it will be prohibited to carry or consume alcohol on journeys to football matches.

For marches and demonstrations, police will be empowered to impose conditions, including the number of people allowed to take part, the location and duration, but only if they think serious disruption, danger or coercion is likely to arise. Organisers would be able to appeal against such decisions to the High Court.

Mr Hurd said he believed the proposals struck the right balance between individual freedoms and the freedom of individuals not to be hurt or intimidated. The emphasis would be on the protection of citizens.

But, the National Council for Civil Liberties criticised the Bill, saying it would severely restrict the traditional right of peaceful protest.

Mr Gerald Kaufman, shadow Home Secretary, said yesterday that Labour would oppose the Bill. "This Bill will do nothing to deal with riots and do nothing to prevent riots and disturbances taking place," he said.

Details, Page 4; Editorial Comment, Page 8

Telegraph shake-up expected

By Raymond Snoddy

THE DAILY TELEGRAPH is expected to announce a far-reaching package of financial and management changes next week.

The plan is to announce a capital restructuring of the hardpressed company together with the delayed interim results and details of a management reorganisation.

Mr Conrad Black, the Canadian businessman who owns 14 per cent of the company, is front runner to take a controlling interest in the company as part of the financial restructuring.

After a board meeting yesterday it was stressed that the share structure had not changed and that Mr Black did not control the company but there was a growing belief last night that Mr Black could increase his stake to more than 50 per cent next week.

The 41-year old businessman's staff in Canada said he was not accepting any calls.

In the event of a rights issue Mr Black, chairman of the privately-owned Ravelston Corporation, would be able to buy the shares accruing not only to his own stake but to that of the Berry family which owns 60 per cent.

The board has decided to release all information on the changes in a single package backed up by facts and figures rather than have the information come out piecemeal.

It is believed that Lord Hartwell, proprietor of the Daily Telegraph, intends appointing a new chief executive.

Lord Hartwell approached Mr Andrew Knight, editor of The Economist, two weeks ago but Mr Knight said last night he had told Lord Hartwell he was happy where he was.

Building society law eased but Hailsham bars conveyancing

BY CLIVE WOLMAN

THE BUILDING SOCIETIES Bill published yesterday, which will allow the societies to offer a wide range of new services from January 1987, has proved more restrictive than government pronouncements over the past 18 months had suggested.

Lord Hailsham, the Lord Chancellor, has succeeded in blocking proposals to allow building societies to offer conveyancing services to their borrowers. The Prime Minister is believed to have overruled not only Labour MPs but also the Treasury and other economic ministers, who favoured allowing the societies to challenge directly the solicitors' monopoly of conveyancing.

The one concession won by the Treasury is that societies may be allowed to offer conveyancing services to their borrowers through subsidiaries in which they have a minority stake. They may also do conveyancing for non-borrowers. Mr Roy Cox, chairman of the Building Societies Association, suggested that two or more societies could jointly form a conveyancing company to provide the service. "But we are very disappointed," he said.

Sir Patrick Mayhew, the solicitor-general, told the House of Commons that the Government was "not satisfied that lending institutions" could offer both conveyancing and a loan without creating a conflict of interest. The bill empowers the Lord Chancellor to draw up rules under which the societies may offer conveyancing services. But his department has made clear that he will use the power restrictively, although others in Whitehall say a more liberal approach is likely after his retirement.

The Building Societies' Commission, the proposed supervisory body, is empowered to set a ceiling on the societies' comitments to new, riskier activities, such as unsecured lending, second mortgages, house-buying services and investment in residential property. But the bill imposes upper limits for these ceilings. Similar principles wil apply to the maximum funds a society may raise in the wholesale money markets.

The restrictions were criticised last night by Mr John Bayliss, general manager of Abbey National Building Society. "We are still arguing for a sliding scale with higher limits for the larger societies," he said. "These limits make it more likely that the big societies will want to become companies."

In a consultative paper, also issued yesterday, the Government proposes that a society wishing to become a company or be taken over by a company should be subject to a complex procedure. This includes winning the support of a high proportion of both its investors and borrowers. The Bill lays down similar restrictions on a society which proposes a merger with another, in the face of opposition from its management. But the Bill affirms the principle of allowing hostile takeovers, which has been strongly opposed by the BSA.

"Smaller societies will be very unhappy with this," said Mr Herbert Walden, former BSA chairman and general manager of the Heart of England. "We will be getting, if not takeover battles, then something like them."

Details Page 4
Building societies' new role Page 8
Feature Weekend Page I

Opec may adjust price policy

BY RICHARD JOHNS IN GENEVA

A MAJORITY in the Organisation of Petroleum Exporting Countries is expected to favour a strategy aimed at recovering a larger share of the international oil market rather than a continued attempt to maintain prices, at the organisation's ministerial conference starting in Geneva today.

The countries acknowledge that higher production in pursuit of market share could seriously undermine current prices. However, they are focusing on the longer-term needs of their economies and warily accept that Opec members cannot now adhere to a system of production quotas.

Opec's share of oil supplies to the non-communist world in 1985, including natural gas liquids and net exports from the "centrally-planned economies," is reckoned to be 37.6 per cent, or 17.1m barrels per day of a total 45.4m b/d, according to latest estimates from the International Energy Agency.

This compares with 58.8 per cent, or 31.6m b/d out of a total of 53.7 b/d in 1979 when Opec output reached its peak.

Abandoning the attempt to bolster prices is also seen as a possible means of jolting non-Opec producers, particularly the UK, into co-operating with some form of production restraint.

In pre-conference consultations including Sheikh Ahmed Zaki Yamani of Saudi Arabia, Venezuela's proposal for a switch to a market-related pricing system, indexed according to spot rates for a basket of competing crudes, has been politely received and discussed.

But the formula reckoned by Caracas to be an alternative to the "net back" pricing adopted by Saudi Arabia, a guaranteed recipe for downward drift in the opinion of traders, has come too late to save Opec from its predicament.

Formally, however, the conference will not be able to renounce its ceiling on collective output of 16m b/d and the quota distribution agreed in October last year, according to delegates.

The final communiqué will probably exhort the 13 members to honour their existing commitments. There will also be general concern that the accelera of production should not be so sharp as to risk a free fall of oil market prices.

At the same time there is fatalistic recognition that the oil price could fall to $20 by the spring and also a genuine feeling of bewilderment on why the UK Government, which it is estimated could lose £5bn revenue at this price, is so apparently unconcerned.

At its meeting yesterday, Opec's market monitoring committee concluded that collective output could now be as much as 18m b/d. Its experts are understood to have forecast a reduction in demand for members' crude to only 16.3m b/d in the first quarter of 1986 and to less than 15.6m b/d in the second quarter when the real crunch is expected.

Bitter opposition to any agreement on the Venezuelan proposal and any understanding on relaxing price maintenance is bound to come from Algeria and Iran.

Algeria wants to maintain the pretence of official selling rates at all costs as a basis for renegotiating better terms for its natural gas contract.

Iran continues to be deeply resentful about the entitlement of 4.35m b/d accorded to Saudi Arabia

Continued from Page 1

Star Wars

dum was criticised by opposition party leaders. Mr Neil Kinnock, the Labour leader, said British involvement meant a brain drain of technologists to the US and tied Britain into the biggest single obstacle to nuclear arms freeze and reduction.

For the SDP/Liberal Alliance, Dr David Owen, the SDP leader, said an unacceptable price for participation would be silence on upholding the anti-ballistic missile treaty, or acquiessence in its circumvention or destruction.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Alida Hldgs	352	+ 20
Aran Energy	31	+ 5
Ashley (Laura)	194	+ 6
Atlantic Resources	30	+ 4
Automotive Prods	113	+ 13
Baker Perkins	225	+ 12
Bass	675	+ 22
Beecham	340	+ 20
Bodycote Intl	185	+ 9
Christies Intl	295	+ 7
Coats Patons	167	+ 9
Fairline Boats	98	+ 5
First Castle	146	+ 35
Granada Group	226	+ 12
Halstead J.J.	116	+ 8
Imperial Group	258	+ 26
Meekatharra	39	+ 8
Mercury Secs	705	+ 45
Metal Box	513	+ 5
Plessey	182	+ 10
Sangers Photo	108	+ 8
Sunleigh Elecs	17	+ 5
Thomson T-Line	85	+ 37
Ultramar	208	+ 8
Unigroup	73	+ 10
Watson (R. Kelvin)	245	+ 21

FALLS		
Allied-Lyons	270	− 7
Boosey & Hawkes	172	− 13
Juliana's Hldgs	75	− 15
Utd Biscuits	251	− 4

WORLDWIDE WEATHER

UK today: Normal temperatures but windy and showery in the south. Easterly winds in northern areas. Outlook: changeable.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	17	63	Corfu	S	17	63	Luxmbg	C	7	45	Peking	Sn	−7	19
Algiers	C	16	61	Dallas	F	1	34	Madeira	C	20	68	Perth	S	23	73
Amsdm.	F	9	48	Dublin	R	5	41	Madrid	S	8	46	Prague	F	9	48
Athens	S	18	64	Dbrvnk.	C	14	57	Majorca	F	17	63	Rykjvk.	S	−4	25
Bahrain	S	15	59	Ednbgh.	R	5	41	Malaga	S	15	59	Rhodes	S	19	66
Barclna.	S	16	61	Faro	S	17	63	Malta	F	20	68	Rio J'ro†		—	—
Beirut		—	—	Florence	C	14	57	M'chstr.	F	8	46	Rome	F	16	61
Belfast	C	5	41	Frankft.	F	8	46	Melbne.	R	20	68	Salzbrg	C	11	52
Belgrd.	S	13	55	Geneva	C	11	52	Mx. C.†		—	—	S'cisco†	F	8	46
Berlin	C	9	48	Gibrltr.	S	17	63	Miami†	C	20	68	Singapr.	F	30	86
Biarritz	F	13	55	Gl'sg'w	F	4	39	Milan	Fg	9	48	S'tiago†		—	—
Bmghm.	F	8	46	G'rnsey	S	11	52	Montrl†	Sn	−4	25	Stckhm	Sn	−4	25
Blackpl.	C	7	45	Hlsnki	Sn	−12	10	Moscow	Sn	1	34	Strasbg	C	11	52
Bmbay	S	27	81	H. Kong	S	25	77	Munich	C	11	52	Sydney	F	24	75
Bordx.	F	15	59	Innsbrk.	F	5	41	Nairobi	F	25	77	Tangier	C	16	61
Boulgn.	S	10	50	Invrnss.	C	4	39	Naples	S	17	63	Tel Aviv	C	21	70
Bristol	R	9	48	I.o.Man	C	8	46	Nassau		—	—	Tenerife	S	23	73
Brussels	F	9	48	Istanbul	S	17	63	Nwcstl	F	7	45	Tokyo	C	14	57
Budpst.	Fg	4	39	Jersey	C	11	52	N Delhi	S	24	75	T'ronto†	C	−1	30
Cairo	S	22	72	Jo'burg.	C	20	68	N York†	Sn	1	34	Tunis	F	20	68
Cardiff	R	9	48	L. Plms.	S	23	73	Nice	S	17	63	Valencia	S	16	61
Cape T.	S	26	79	Lisbon	S	14	57	Nicosia	S	20	68	Venice	C	9	48
Chicg.†	C	−5	23	Locarno	C	9	48	Oporto	S	14	57	Vienna	Fg	1	34
Cologne	C	9	45	London	S	11	52	Oslo	Sn	−3	27	Warsaw	C	11	52
Cpnhgn.	C	5	41	L. Ang.†	C	13	55	Paris	F	10	50	Zurich	C	8	46

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sn—Snow. † Noon GMT temperatures.

South Africa introduces fresh curbs to boost rand

BY TONY ROBINSON IN JOHANNESBURG

THE South African government last night announced further exchange controls aimed at bolstering the rand by speeding up repatriation of hard currency earnings by gold mines and other exporters.

From Monday mining companies will be paid entirely in rand for gold bullion sold to the Reserve Bank, which in turn sells the gold on international markets.

Until January 30 the mines were paid entirely in dollars for bullion. This was then changed to a system under which the mines were paid 50 per cent in rand and 50 per cent in dollars which had to be sold on to the exchange market within seven days.

Gold accounts for about 50 per cent of South Africa's hard currency earnings and the measure will speed up the flow of dollars to the Reserve Bank.

Mr Clive Knobbs, president of the Chamber of Mines, said the measures would effectively prevent the mines from selling gold forward. Existing forward contracts will be honoured, he said.

South African exporters will be obliged to convert their total export earnings into rand not more than seven days after the date of shipment payments.

Exporters previously tended to hold back repatriation of earnings, sometimes for more than six months, in expectation of further declines in the rand.

The currency closed last night at 36.88 US cents after hovering between 35 and 36 cents throughout the week. This was only marginally above the 34.75 cent low reached before the government introduced a four-month moratorium on foreign debt repayment and reintroduced the two-tier currency system on September 1.

The authorities also moved to close another loophole in currency regulations by preventing non-residents, including former residents, from exporting capital through personal trusts at the advantageous commercial rand rate.

In future income accruing from such trusts will only be transferable through the financial rand.

The debt standstill, covering $14bn (£9.5bn) of South Africa's outstading $24bn debt, was to expire on December 31.

However, Dr Chris Stals, chairman of the standstill co-ordinating committee, yesterday confirmed that South Africa had submitted proposals to extend the deadline.

Churches side-step ANC ban, Page 2

Brokers in arbitration proceedings against tin council

By Stefan Wagstyl

THREE London Metal Exchange brokers have started formal arbitration proceedings against the International Tin Council, claiming millions of pounds on unpaid tin contracts.

The three are among 13 LME ring-dealing members who have outstanding contracts totalling about £450m for tin, which the tin council is committed to buy before the end of January.

The council, which runs a price pact between producing and consuming countries, plunged the market into crisis when it announced six weeks ago that it had run out of money and owed large sums to the brokers and to its banks.

Claims under the rules of the LME, the world's leading metals market, are being pursued by Amalgamated Metal Trading, owned by West Germany's Preussag; Maclaine, Watson, part of the US Drexel Burnham Lambert finance house, and J. H. Rayner (Mincing Lane), a subsidiary of S & W Berisford.

The LME rules permit brokers and clients to resort to arbitration to settle disputes, as an alternative to court action. The parties can then turn to the courts, if necessary, to get awards enforced.

The three brokers have appointed arbitrators as required. For its part, the tin council failed to appoint its own arbitrator in the case of AMT, which moved first, and one was appointed by the LME authorities. In the other two cases the ITC has appointed its arbitrators.

The tin council appears to be acting in line with the headquarters agreement of the International Tin Agreement, which says council contracts should carry an arbitration clause. It also says that the council's claim to legal immunity is waived in the case of the enforcement of arbitration awards.

However, if the brokers win arbitration awards and, if necessary, court orders to enforce them, they may still have difficulties since the tin council has no funds. The brokers could then attempt to sue the council's 22 member governments — but most countries believe they are not responsible for its debts.

Meanwhile, the LME authorities yesterday agreed to maintain the suspension of tin trading until next Friday, to give the tin council more time to reach a settlement with its creditors. The tin council adjourned its fifth emergency session on the crisis on Thursday and is due to resume on Tuesday, possibly to set up a negotiating team, though it is still not clear whether members will bonour the council's debts.

Feature, Page 8

Continued from Page 1

Hanson

Biscuits of the Hanson approach and was told United was as enthusiastic as before about a merger.

Hanson is offering two of its own shares and £5.32 worth of 8 per cent convertible unsecured loan stock 2004-09 for every five Imperial shares.

The offer valued Imperial's shares at 250p each when it was calculated on Thursday evening but Hanson's shares eased 5p to 205p yesterday to reduce marginally its value.

Imperial's shares rose 8p ahead of the bid announcement yesterday but then leaped a further 18p in late trading to close at 258p. United Biscuits' shares fell 4p to 251p.

Hanson compared the value of its own 250p offer with a price of 200p which it calculated was the value of Imperial implied by the United Biscuits' merger plan.

The move came a day after Hanson announced a near 50 per cent rise in pre-tax profits to £253m in the year ended September 1985 on turnover which rose 12 per cent to £2.67bn.

Hanson, one of Britain's largest industrial companies, has extensive interests on both sides of the Atlantic. Its British operations range from British Ever Ready, the batteries group, through brickmaking and engineering to the Alders department stores.

Hanson's reputation has suffered in recent months from the failure of a £520m rights issue in July of which half was left with the underwriters and an unsuccessful £170m bid for Powell Duffryn, the UK distribution and storage group.

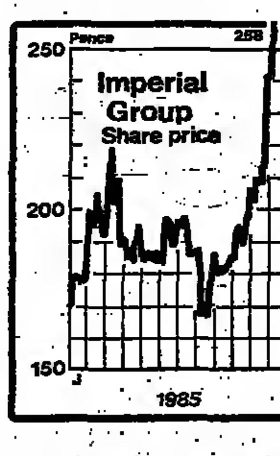
Imperial is Britain's largest cigarette maker, with its John Player and Embassy brands, as wel las its sixth largest brewer with its Courage and John Smith beers.

It made a pre-tax profit of £96m o nturnover of £2.44bn in six months ended April 1985. City analysts estimate Imperial's profits were about £230m in the year ended last October, just £9m higher than the year before.

THE LEX COLUMN

A square meal at last

Index rose 7.2 to 1117.6



Last night's Imperial announcement was vintage Hanson stuff. It emerged, true to form, on a Friday evening at the end of a week in which Hanson Trust had produced a spanking set of figures and was thought to have been busy in other areas of the market, convincing investors of its interest in such companies as Bowater and Coats Patons.

Imperial Group has looked the most natural Hanson target on the London market for an age. The only qualm seems to have concerned potential health claims from the families of ex-smokers. Once over that, the characteristics of strong cash generation, indifferent past management, possibly undervalued assets and a neat spread of basic businesses in familiar territory, were tailor-made for a Hanson move.

Imperial has been well aware of its own attractions, but has found it almost impossible to secure a means of escape. The retention of Howard Johnson made Imps less vulnerable to a bid, but was a standing reproach to its management. With HoJo out of the way, the company was under intense pressure to make a defensive alliance. Yet in proposing a deal with United Biscuits, Imperial was immediately seen to be more vulnerable still.

The terms of the proposed merger put an implicit price on Imperial and appeared to suggest that the company was surrendering more than its fair share of the management to Sir Hector Laing, at a discount.

So Hanson Trust starts the game with an exceptionally strong hand. It presumably does not expect to win Imperial at a price equivalent to 250p a share, but having placed a value on their business last Monday it will be hard for Imperial's board simply to dismiss this offer outright. The company may well be worth more than this: a bid of £1.9bn values it at only around 10¼ times likely current-year earnings. But it is a substantial goodwill price nonetheless, and Imps will be forced to argue on the now rather difficult ground that a premium is required for control.

While Imps is up against the ropes, so in a sense is Hanson, which has been tied up in the New York courts since the summer and after the Powell Duffryn failure has to establish that it has not lost its touch on the UK bid scene. For a group which does its most important work in the first years after a takeover, it is awkward to go through a year without closing a major deal.

The summer rights issue has left Hanson comfortably placed to make a bid on this scale. On the present terms, the enlarged group would show net worth of just over £2bn supporting convertible debt of about £1.3bn. Even if Hanson were to pull off SCM in the US as well, it would be no Elders, or even another Argyll. While Imperial is an obvious case for the Hanson management treatment, there is no very obvious marriage value beyond the availability of Imps' US tax-losses. For other predators there may be more to go for: there is no shortage of consumer product companies with the muscle and the appetite to make a UK acquisition of this size.

Monday morning should see a shake-out in the share prices of the more obvious Hanson suspects, and in theory, at least, the United Biscuits price should also be on the block. It may be, however, that the market will treat UB as the substitute bid-stock. Like Imperial, UB has a price on its head, and might be an attractive consolation prize for anyone who would rather not tangle with Lord Hanson. Whether or not Hanson wins control of Imps—and the odds must be in favour—the Imperial/UB merger looks dead and buried. Mr Geoffrey Kent and Sir Hector Laing may be regretting the day, only a week ago, that they agreed to a beer-and-biscuits match.

Equities

Many a jobber must have been relieved last night that the week-end was nigh; notwithstanding the frenetic bid activity and even more imaginative rumours, the FT-SE 100 index has lost about 5 per cent of its value in just a fortnight. The market just cannot be pleased—this week, Saatchi & Saatchi more than doubled its profits and Dee Corporation produced a 70 per cent rise, but still their shares fell. Exceeding profit forecasts is not god enough any more: these share prices are discounting pleasant surprises, too. And when the results disappoint, as Polly Peck's did, the shares get a fair pasting.

With so many bids on the table and few companies immune to gossip, shares have been reflecting break-up values as much as trading prospects. But now that Hanson Trust has finally pounced on Imperial, all the other constituents of the FT-30 Share index that were potential targets will presumably see their bid premiums battered.

If the froth has blown off the top of the market, underlying sentiment is starting to change too. Until recently, fund managers thought they were taking a risk by not being fully exposed to the index. Now there is talk of top-slicing and profit-taking, particularly since the calls on institutional cash are increasing. The underwriting for Argyll's bid and the Cable & Wireless offer are threatening to take several hundred million pounds out of the market, and if the Cable issue were to flop, there could be up to £600m more. Looking further ahead, nearly £5bn of privatisations will hit the market next year.

Even after its recent fall, the market does not look cheap. The industrial group is still sitting on a historic p/e of close to 14 and a yield of less than 4 per cent. If sterling moves back up to $1.50 and stays there, analysts will start reworking their current year profit forecasts on less generous currency assumptions. And though interest rates may be more likely to fall than rise, Mr Lawson's message to the CBI seems to be that industry will have to earn its lower rates by settling for modest pay rises first.

The Government must now be worried that Wall Street will go into reverse and drag London back with it. The Cable offer price is already at a perilously small discount. But even if the underwriters are stuffed with shares this time, they can console themselves with the expectation of a more generous deal on the next Government offering.

WEEKEND FT

Saturday December 7 1985

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

The property jungle

Estate agents of the traditional kind are battling to survive as radical change turns the business upside down. John Brennan reports . . .

FEW PEOPLE have a kind word to spare for estate agents. Buy, and the image is of flash young men who drive second-hand Porsches and whose sales talk is so slick you do not notice the damp patches, the subsidence, or the motorway extension beyond the garden shed. Sell, and it is a world of bumbling incompetents whose temporary secretaries lose every bit of paper except the exorbitant bill for failing to get the asking price and for hammering a For Sale board through your painstakingly restored Edwardian porch. Any fool, it seems, can sell a house. And plenty are trying to.

The Estate Agents' Act, scrambled through as the Labour Government's last piece of legislation in 1979, was intended to help sift out rogue agents. The measure includes sections that would enforce standards of competence on anyone setting up to provide a home sale service—but those sections of the law have not been enacted.

Successive Conservative ministers have let competition have full rein rather than risk any taint of a closed shop on their parliamentary record. As a result, established firms who carry all the overheads of a full professional service still find themselves having to compete against cut-price, overnight agencies set up by anyone who thinks a living can be made in property.

The Act does empower the Director-General of Fair Trading to warn, or even bar, agents who obviously are unfit to run a business, but only a handful of the most blatant cases involving fraud and other criminal activities have been dealt with in that way. And while the occasional shark salesman bends the advertising standards regulations with improbable property particulars, or gets house agents a bad press by misleading clients, the one-man bands are only the visible fringe of problems for a business which is today in the throes of a change as radical as anything seen in the City financial markets.

Add to those backroom agents the development of property shops, computerised house matching systems and a mass of do-it-yourself sellers and you see why established firms already are having a fight to survive in a fiercely competitive market. But when, in addition to all this, the banks, building societies and even solicitors start taking the house agents' business as well, then traditional cosy and profitable local estate agent partnerships begin to look like an endangered species.

About 1.35 million houses and flats were bought or sold in Britain last year—upwards of £30bn in residential business; more than 70 per cent of which was handled by the 11,000 estate agency firms working out of 14,500 offices across the country. There are a few big, nationally spread agency networks; but even the biggest, Lloyds Bank's Black Horse agencies, with 190 offices and 1,600 staff, handles under 2 per cent of total sales. So, it remains a fragmented market, and a temptingly-sized one for any financial services group that looks through those wafer-thin agency fees to the potentially far more lucrative housing finance and insurance side of home buying.

In the defendants' corner, representing the established order of specialised estate agency firms, there are three main associations.

- The Royal Institution of Chartered Surveyors (RICS) regards itself, with some justice, as the premier professional body of the property industry in Britain. Its 52,700 qualified members range across the spectrum of property skills, from hard-hatted building and quantity surveyors to gum-booted land surveyors. Among the specialists are 23,700 general practice members, most of whom earn their living in residential agency work.
- Pressing hard to match the RICS for professional standing is the Incorporated Society of Valuers and Auctioneers (ISVA), with 7,500 members. Like the surveyors, it sets entrance examinations and promotes post-qualification training.
- The 4,000-member National Association of Estate Agents (NAEA) sees itself as the voice of the experienced, but not necessarily professionally qualified, agent. But that leaves as many as 5,000 full-time property salesmen outside the net of the organised bodies.

The common thread that binds the arguments of the agents' organisations is that a threat to the survival of individual firms is a threat to the independence of service available to home buyers and sellers. "It centres on this question of independent advice," says George Bristow, chairman of the RICS estate agency committee. He stresses that "an estate agent's duty is to his client, but an employee's duty is to his employer. We would regard the advent of building societies as estate agents as a very bad thing indeed. It's not only the competition, it is that takeovers could easily create conflicts of interest."

The ISVA takes a more reflective view. Although 80 per cent of its members are residential agents, institute president Vincent Kenneally believes the professional property bodies have to look beyond structural changes in the market to the standards of work of their members.

What does exasperate the institute is the Government's view that "selling a house is like selling beans." Along with the RICS and the NAEA, the institute has pressed (without success) for legislative controls on who can enter the business; it argues that, without them, you could be driving a milk float one day and nailing up your estate agent's sign the next. Given that situation, the ISVA does not regard it as realistic to attack building societies, banks, or any other reputable outsiders from moving into the house selling market so long as they do so in a way that ensures customers get genuinely independent advice and not an agency gloss on a financial sales package.

What worries the agents is whether these newcomers really could avoid getting their wider commercial interests mixed up with individual sales. Tony Clark, general secretary of the NAEA, is blunt about it. "The Government is hell-bent on what it sees to be competition but as we've found out many times before, this can end up with the public getting a worse deal than before. There has been a lowering of standards of service as estate agents cut corners to sell houses. Now, the building societies want to do everything short of laundering money, and they are being obtuse if they can't see the inherent dangers of what I'd regard as a conflict of duty to customers.

"The building societies could take over every single estate agent and every single solicitor with something like one-fifth of 1 per cent of their assets. If it did come to the survival of the fittest, the building societies would survive and everyone else would go to the wall."

It is an over-dramatic analysis, a good rousing call to arms for agents to prepare themselves for the shock waves of the "big bang" of new building society powers. But even the agents do not expect the change to be quite that explosive. Unless there is some totally unexpected about-turn in Government thinking, the new Building Societies' Act should be law in a little over a year. As the proposals closely follow the new powers suggested by John Spalding's committee at the Building Societies Association, it is probable that the law will allow societies to provide a one-stop house-buying service that could include agency work. But Spalding, chief general manager of the £20bn Halifax (potentially the largest single threat to the agents), makes the sharp distinction between being able to provide a service and deciding positively to do so.

Only the Woolwich and Nationwide, have made it clear that they expect to be selling houses actively once the new powers receive royal assent. The rest have tended to play down their intention. And while some agents predict a mass buying of partnerships, headhunting sorties to buy in experienced property negotiators, or crash training programmes in house sales for building society staff, the most probable effect of the new law will be a muted version of all three.

The big block to any genuine rationalisation of the business is an equity partnership structure that keeps hundreds of distinct firms separately owned and managed. Before the high streets became packed with alternative ways of selling a house, and long before anyone considered breaking down the barriers to competition from businesses outside the agency world, those local partnerships tended to make a comfortable living. A 30-year bull market in home buying gave equity partners decades of good, thick profit shares. But only a few firms generated enough capital, or reinvested enough, to break out of their local market and build on that success. A few of the bigger ones are now publicly quoted.

For most of the rest its too late. Profits have been thinned out by that competitive pressure on fees, and the equity partner structure ensures continued fragmentation of the market unless an institution with ample cash sweeps in to buy up the minnows and create its own national network.

That is pretty much what Roy Mercer has been doing for the past three years. Mercer is not an estate agent, yet he is responsible for the country's largest agency. He is the former line banker drafted in and given, as he says, "a blank sheet of paper" and the task of taking Lloyds Bank into the house sales business.

Lloyds announced in May 1982 that, "as a natural extension of our range of financial services," it was to buy its first estate agent. The news was greeted by a chorus of complaints from agents. It was also followed swiftly by a queue of agency partners at Mercer's door saying (as he tells it): "Will you buy my business? I've a boat tied up at Falmouth, and I'm off . . ."

Mercer is only half joking. Critics and fans alike crowded aboard the Black Horse, cashing in their equity and picking up a bank salary plus a percentage of their agency's profits. "I have taken on 147 partners in buying 32 businesses," says Mercer. "Only seven of those have left, and two of those were over 70."

Agents outside the Lloyds group still snipe at its cross-selling of bank mortgages and financial services, and complain about the exchange of customers between Black Horse agencies and local Lloyds' branches. As the only significant financial institution to have taken the plunge and bought its way into the home sales market, Lloyds does stand out as the one working example of the likely new breed of captive agencies. That also makes it target for plenty of competitive abuse.

Mercer takes it all with a wry laugh and says: "It's absolute nonsense. When we first started, it wasn't realised that the concept from the word 'go' was to run a commercial operation, which you couldn't do unless you accepted multi-sourcing. You cannot compete if you are just a vehicle for selling bank services, so our agencies sell properties with building society mortgages, TSB mortgages, whatever suits the client."

Mercer has no doubts that "the partnership in its old form is a dead duck, really." Perhaps. There is compelling logic in the thesis that the entry of big institutions with the financial muscle to provide an efficient, well marketed, low cost and reputable house agency service on a national basis will force smaller private agencies out of business, or into an implosive period of mergers. Commercial logic, though, has an odd way of coming unstuck in real life.

At the other end of the scale are the giant agency partnerships that have grown beyond the cut-throat competition of the high street, and are as distant from the average estate agency as a merchant bank from a betting shop. Take Savills, for instance. George Inge, the senior partner, confirms that his agency's staff tend to be drawn from the army, agricultural college and the occasional estate management graduate.

Yet, the gentleman or lady agent image at Savill's masks the kind of tough professional business sense that has turned a 150-year-old partnership into a multi-million pound group. It might seem effortlessly efficient, but that is the trick of it. Property negotiators spend at least five years learning their arts; staff are qualified professionally and the agency's strengths in agricultural property and estates have been built on to create one of the top London house and flat agencies, and one of the most innovative commercial property investment and development departments anywhere in the City.

Savills, and its dozen or so major partnership competitors, give the lie to the idea that its impossible for agents to flourish without looking beyond professional property work, selling out, or incorporating. But even in the rarified world of the top agencies, change is on its way.

For the big agents, it is the eventual unitisation of commercial property that could force them in with finance houses able to field the capital needed to make a market in slices of office blocks and shopping centres (assuming, of course, they don't get swept in with the City's financial services revolution first).

The central irony of the changing agency business is that, as a result of a drive for greater competition and broader customer choice, there is likely to be a massive reshuffle of property people from thousands of small businesses into far fewer larger ones. It is no more ironic than the similar agglomeration of financial firms in the City—except that, with the house agency, there is not the international market to ensure at least a measure of competition balance.

The other principal difference is that, even with mergers and an all-out invasion of estate agent territory by home loan groups, it is the nature of the business that there will still be individual local agents making a living in the shadow of the major networks. You will be able to choose between the man with the used Porsche or the one with the company car for a long time yet.

The Long View

Takeovers: not what they used to be

The present boom is unusual in journalistic terms: any amount of speculation, of course, but no punditry, because nobody knows what story to tell. Anthony Harris suggests one

NOT EVEN bid speculation has been able to sustain the bull market this week. Time will show if this is just a sharp bout of profit-taking, as the bulls still will tell you, or if the market is voicing my own misgivings about the rather large crossed-fingers element in recent prices.

The point to remember is that while prices still are quite moderate if you correct for inflation, or read through to underlying physical assets (which is why asset-stripping is still a feature of the scene), they are high when read against present interest rates, or the underlying debt crisis those rates reflect.

The paradox at the heart of the forecasting problems is this: the cause of the nerves is also the cause of the boom. In previous takeover waves, it has been possible to discern some story about the real world. Twenty-odd years ago, the Wilsonian regime of corporation tax and dividend restraint started a wave of asset-stripping and consolidation; the subsequent wave of talk about economies of scale and industrial logic (I remember with shame some pompous contributions of my own) was really an attempt to rationalise things afterwards.

We learnt in due course that synergy is almost entirely a myth, and that lumping two big weak companies together is about as useful as putting two invalids with different illnesses in adjoining beds. For cross-fertilisaton, read cross-infection.

After merger mania came the inflation hedge: with interest rates below general inflation, let alone asset-price inflation, it seemed for a time impossible to go wrong, especially in the commercial property market. Indeed, it was impossible to go wrong if you had the sense to get off before the music stopped; some of the canny survivors of that era are among the leading players in the market today.

Two features of the scene this time seem new: the unusually high proportion of cash bids, and the apparent acceptance by investors of balance sheets that seem to be built on a foundation of almost pure hope — either over-gearing (a bet on falling interest rates): naive projection of past earnings (computers, financial intermediation before the big bang, and no doubt pop music); or just plain goodwill.

For every deal which shows these peculiarities, though, it is easy to find one which does not. That is, no doubt, why the present boom is so unusual in journalistic terms: any amount of speculation, of course, but no punditry. Nobody knows what story to tell.

This confusion is to some extent a clue, for it suggests that the drama reflects forces in the financial world itself more than in the real world outside; you would not, for example, expect to find stock market booms in London or New York if your reading was confined to articles about trade and competitiveness. And any confused scene suggests another useful rule: when you can't make sense of the details, stand back. There was a time, after all, when people couldn't make sense of the bolder Impressionist paintings.

A decade's-eye view, I suspect, would have to start with the Opec oil price shock. That left some hitherto unsophisticated oil producers with a huge amount of money and no trust in anyone but banks (because governments might retaliate if they could get their hands on the funds). The Euromarkets helpfully hid all this liquidity away from the eyes of monetarist stockbrokers, but it created problems.

The banks, after all, had to find somewhere to lend all this money, and the present debt crisis was not the only result. Their efforts to place the money made large waves in the credit markets and, especially, in the exchange markets. It was to keep afloat in these rough waters that all the new devices of swaps and forward trading were developed, and new financial products like money market funds. Financial deregulation was the end, not the beginning, of this story; not a bold initiative, as politicians like to claim, but a belated recognition that the old structures were about as relevant to the modern traffic as a well-preserved Roman arch.

Only one scene remains in this micro-history to get us up to the present day: the inevitable debt crisis that resulted. When that emerged, in 1982, the monetary authorities had to soften the fiercely anti-inflationary stance they had adopted in response to the second oil shock, and interest rates eased from stratospheric to demanding. That, with declining inflation and declining nominal (but not real) rates has broadly been the scene ever since; and on the muddle-through hypothesis of debt, it will be with us for a long time yet.

At the end of this historic convulsion, the financial scene looks familiar. The world is full of bankers ruefully contemplating asset books that seem to have caught a nasty dose of mildew. Their capital is inadequate, and their shareholders are reluctant to throw good money after bad. They need high-profit business, preferably off the balance sheet. No wonder some of them are advertising for takover business.

Recent events are quite largely explained by this background. With funds offered from every side, every kind of financial jungle life has flourished — asset strippers and Brooklyn Bridge salesmen, greenmailers and cheery management opportunists who might actually do a lot of good, given something big and sleepy to run.

One new motive for deals has appeared. Market turbulence has made fund managers into such itchy-fingered traders — or so myopic, as some of our correspondents would argue — that some deals are defensive in a new sense; companies either going private or retreating into supposedly bid-proof conglomerates, simply to escape from the pressure for impossibly quick results. The possible risks — and possible benefits — of all this churning will have to wait for another week.

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A takeover game where the stakes are in billions

SOME OF the takeover gossip that is swirling around the market is quite bizarre but rumours aside the level of real takeover activity is reaching incredible proportions.

This week Argyll launched a £1.9bn bid for Distillers and United Biscuits agreed to a £1.22bn offer from Imperial Group—but last night Hanson came out with a stunning £1.9bn for Imperial. Meanwhile, GEC has approached Plessey hoping to get agreement to a £1.16bn offer.

Bids are helping to keep the market bubbling. On Tuesday, for example, the FT Ordinary Index was off 13.6 points until GEC came along with its tentative offer which quickly reversed the trend and left the day a few points up. And that volatility was typical of the market in the past couple of weeks.

Equities are now 4 per cent off the top although for the most part the selling has been light with prices coming down to reflect a bear tack by the jobbers rather than institutions unloading large parcels of shares.

With some of the froth blown away prices might now hold steady in the run-up to Christmas, traditionally a good time for equities, but the market gurus are still slightly nervous and selling orders can snowball just as easily as the buying ones did three or four weeks ago when there was a bit of a panic to invest as shares galloped forward.

Of course the Cable and Wireless issue is hanging over the market raising a total of £933m, of which the Government will take £802m, and while the underwriters should be sleeping fairly soundly such a large cash call is bound to take some edge off the market, even if the institutions were well prepared in advance.

Cable and Wireless is unlikely to get private investors rushing for their cheque books in a big way and certainly the issue lacks the glamour of Laura Ashley which got off to a flying start on Thursday following the 34 times oversubscription. When dealings opened the shares, offered at 135p, shot to a 59p premium. One buyer stepped in right at the start and picked up 2½m shares at 195p but rumours that a 5 per cent stake has been accumulated look exaggerated.

Argyll's bid for Distillers came first thing on Monday just as everyone expected. The terms, which are a mixture of ordinary shares, convertible preference and cash, value the whisky giant marginally above its current market worth, which again is just as everyone expected. But Argyll had to start somewhere and Distillers' price has already come a long way in anticipation of a bid since the summer when it was trading at under 300p.

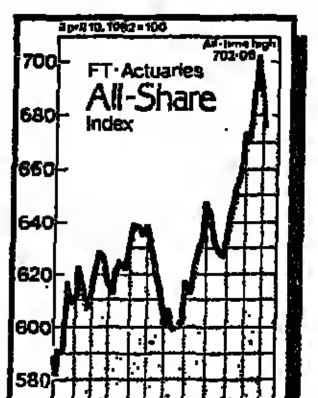
Indeed the delay that the Takeover Panel imposed on Argyll has given Distillers plenty of time to mount its defences with a stronger management and some spectacular interim figures a couple of weeks ago. Argyll could only sit back

London

and watch Distillers' shares rise like a thermometer in a glass-house.

The bidder will undoubtedly play hard on Distillers' mediocre performance in recent years. In terms of volume the group's share of the world market fell from almost 50 per cent to around 35 per cent between 1973 and 1984 while in the domestic market its grip has come down from over 50 per cent to something like 15 per cent. Distillers, on the other hand, may counter with the argument that it has held onto the market in terms of value.

In the final analysis this bid is about management capabilities. James Gulliver of Argyll has a proven record as a retailer though his involvement in the drinks industry has perhaps been less impressive. On balance Gulliver could do a good job for Distillers' shareholders although whether he



would further the interests of the Scottish whisky industry is an open question.

It may be a question that the Government may want to ponder with a Monopolies Reference. Michael Howard, the new corporate and consumer affairs minister, recently said that grounds for investigation included bids "where the destiny of a vital national capability is at issue."

Elders' offer for Allied-Lyons was referred yesterday and although Argyll's bid does not involve the financing issues officially cited as the reason for reference, Distillers is a very significant exporter and a change of management control and style is something the Government may at least want to have a think about.

The Monopolies Commission could get very busy in the next few months. If GEC actually launches a bid for Plessey the Office of Fair Trading may have something to say on the matter. But nothing is on the table yet so who knows? GEC has spoken of an offer of 160p a share, a suggestion that Plessey has countered with a rejection and a thought that it should buy GEC's interest in System X. Lord Weinstock has not yet voiced his reaction to Plessey's initiative but it seems unlikely that he will want to sell.

The market had been expecting GEC to plough ahead with an offer of 180p to 190p yesterday morning but nothing materialised. Plessey could no doubt produce a good defence but 200p a share might see its shareholders deserting.

One company which has been left behind in the slip-stream of a bull market is Polly Peck. For years Asil Nadir's fast growing packaging, electronics, mineral water and textile empire has been viewed with a large dose of City cynicism. Not that the shares have not performed well—Polly Peck was a penny stock at the end of the seventies—but the price is still no more than 3½ times historic earnings.

The company has tried hard to win the City's approval over the last year but all the quiet image building and informal lunches were reduced to nought with the full year figures this week. A few weeks ago the company's own broker, L. Messel, was forecasting profits of £82m for the year to August. Messel, like others, had grossly underestimated the impact of currencies and had to cut its forecast to between £68m and £75m just two weeks ahead of the results. The shares collapsed and fell even further on the actual result—profits of £61.1m against £50.1m.

The credibility gap is awesome and Polly Peck will have to strengthen its financial management before it wins any friends in the City. Nevertheless, despite the currency risks the shares could be viewed as cheap on such a small p/e and if there is any US buying the price may regain some lost ground.

If all goes well the shares will start trading in ADR form on Wall Street before the end of the month. Brokers Greenwell took the management around New York and evidently the reception was warm—but that was before the latest figures.

Terry Garrett

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1985 High	1985 Low	
FT Ordinary Index	1,117.6	−25.3	1,146.9	911.0	Shortage of fresh investment funds
Allied-Lyons	270	−30	306	153	Elders offer lapses
Avon Rubber	300	−30	343	219	Disappointing annual results
British Benzol	52	+14	83	11	Potential shell situation
British Home Stores	414	−18	436	237	Absence of counter-bid
BP	555	−15	605	473	Ahead of Opec meeting
Brown (Matthew)	545	−27	573	260	Bid defence fails to impress
Brownlee	60	−11	79	60	Dismal interim results
Burmah Oil	284	−18	318	200	Fading bid hopes
Cons. Gold Fields	480	−18	582	400	Consortium bid hopes fade
Habitat Mothercare	500	−40	570	310	BHS merger doubts
Imperial Group	258	+14	258	162	Bid from Hanson Trust
Lucas Industries	433	−13	459	227	Cutbacks in electronics division
Plessey	182	+44	212	116	GEC bid proposal
RHM	168	−18	187	123	Profit-taking after annual results
Tate and Lyle	568	−20	592	417	Profit-taking after recent strength
Trafalgar House	365	−31	397	325	Comment on annual figures
United Biscuits	251	−27	293	163	Profit-taking after merger details
Victor Products	128	+14	140	80	Bid speculation
Wire and Plastic	302	+92	305	32	Saatchi and Saatchi 10 per cent stake

Waiting for the bears to descend

THE STATE of the bull market in equities—and, in particular, the question of how long it is going to last—is much in the minds of investors at present. For the USM follower, this focuses attention on the performance of the junior market and its likely reaction to any severe downturn in the main one.

Discussions on this subject have so far been purely academic, for the simple reason that the USM was born in a bull market and has never seen anything else.

Until now, the USM index broadly has mirrored the behaviour of the FT-Actuaries All-Share. The reflection has not always been accurate—some of the reasons for the distortions were mentioned in this column a fortnight ago—but the general trends have been similar.

Concern over the USM's likely response to a bearish phase stems from its tendency to greater volatility. This has led to fears that a prolonged downturn in the main market could be exaggerated in the junior one, to the point where its viability might be threatened.

One of the main reasons for this volatility is the high price/earnings multiples that many of its constituent companies attract. Where companies are fast-growing and dynamic, such ratings may be justified: but at the same time you do not have to look hard to find a good number of USM stocks on multiples far higher than those of closely comparable companies on the main market.

This premium would look highly vulnerable in the event of a downturn and it is, therefore, reassuring that observers detect a narrowing of the gap between p/e ratios on the two markets. The setbacks in the oils and electronics sectors appear to have instilled a greater sense of realism among investors, and broker Hoare Govett estimates that the USM's average prospective p/e ratio is now down to about 13 against the main market's 10.

Another major factor behind the USM's volatility is liquidity—or, rather, the lack of it. USM issues are tiny in relation to their main market counterparts and USM shares tend not to be traded actively. The result is that sought-after shares attract particularly high prices.

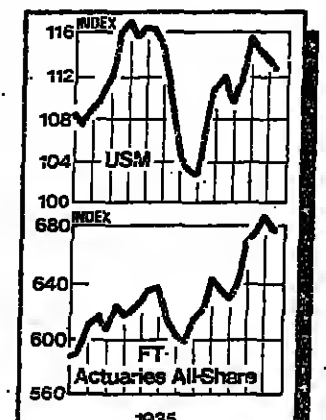
Conversely, shares that fall out of favour are unlikely to find buyers at prices vendors find easy to stomach, for no jobber will be keen to take stock on his hands if he foresees that it will be difficult to sell. This

USM
UNLISTED SECURITIES MARKET

aspect of the problem has had one beneficial spin-off in that it has taught investors to assess companies more critically and has contributed to the downward adjustment of p/e ratios; but it does mean that any severe downturn could hit some share prices hard.

The likeliest outcome of a prolonged retrenchment would appear to be that the USM's downturn would be more pronounced than the main market's, but that the effects would be selective.

The evidence for this view is based on experience earlier this year when both markets had their upward paths interrupted. Hoare Govett carried out an analysis of the effects of the downturn: this showed that the most highly rated companies,



although not immune, were not affected as much as the USM overall. A comparison between the list of 35 companies carrying the highest p/e ratios, and the list of the 35 largest losers, revealed an overlap of only four companies.

One scenario that particularly concerns some people connected with the market is the possibility of a retrenchment coinciding with next year's Big Bang, when the abolition of single capacity dealing will permit equity trading to leave the stock exchange floor. County Bisgood, the only stock jobber to make a market in all USM shares, points to the fact that a fragmentation of the market could lead to a further reduction of liquidity at a time when it would prove most damaging.

However, after five years of sturdy growth and several blows already behind it, few doubt the USM's ability to survive whatever the bears can throw at it. "A bear market will be a big test for the USM," says Brian Winterflood, County Bisgood's managing director. "It could be pretty bloody, but it will survive all right."

Richard Tomkins

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND DEALS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
Abbey	104½§	114	90	20.31	French Kier
Arlington Motor¶	234*	225	167††	10.50	Unigate
Blundell-Permglaze	200*	194	146	15.57	Akzo
Blundell-Permglaze	185†	194	176	14.40	Reed Intl
Britannia Arrow	142½§	146	131	214.33	Guinness Peat
Business Comptr	20½§§	25	20	1.53	Electronic Data
Brown (Matthew)	573§	545	540	129.38	Scot & Newcastle
Clay (Richard)	216	212	164	10.41	St Ives
Cole Group	260*	283	240	7.83	Low & Bonar
Dean Park Hotels	57	55	54½‡	6.33	Queen's Moat Hses
Dew (George)	1005§	106	92	8.00	Bremner
Distillers	513§§	495	510	1.863bn	Argyll Group
Drayton Prem Inv	500*	510	446	153.52	NCB Pensn Funds
Dufay Bitumastic	58½§§	57	56	9.61	British Tar Prods
First Castle Elec	142	146	111	36.71	Morgan Crucible
French Kier	231	255	224	113.74	Beazer (C. H.)
Imperial Group	247§§	258	242	1.868bn	Hanson Trust
Kitchen Taylor	196½§§	197	188	7.63	Scot Heritable
Needlers	166*§	160	150††	3.27	Hillsdown Hldgs
Pearce (C. H.)	744§§	675	725	28.08	Crest Nicholson
Pyke (Hldgs)	396	405	348	15.36	Hillsdown Hldgs
Sangers Photo	40*§	108	39	3.04	Mr J. Peace
SGB Group	272	256	226	115.22	BET
Somportex	28½*§	158	27	0.79	Messrs N. Wray & C. Mattock
Spear & Jackson	260	240	168	14.62	Neill (James)
Sparrow (G. W.)	72*	73	48	7.16	BET
Stewart Plastics	154	147	112	35.01	Bunzl
Towngrade Secs	32*§	33	37	1.67	Milbank Dev
Utd Biscuits	322½	251	278	1.308bn	Imperial Group
United Parcels	160	149	112	101.54	Bunzl
Wingate Prop Inv	128	125	105	17.65	Trafford Park Ests
Yarrow	426½§§	505	485	12.23	Weir Group

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on December 6 1985. †† At suspension. §§ Shares and cash. *§ Related to NAV to be determined. ‖ Loan stock. ‡‡ Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Avon Rubber	Sept	4,510	(3,530)	30.3	(39.2)	5.7	(5.0)
Bass	Sept	255,100	(218,034)	—	(—)	14.7	(12.9)
BOC	Sept	171,300	(137,800)	24.7	(18.9)	9.28	(7.7)
Chrysalis Group	June	5,600	(—)	—	(—)	—	(—)
Devenish, J. A.	Sept	1,870	(2,060)	35.9	(37.3)	13.0	(11.5)
Fairline Boats	Sept	806	(402)	14.4	(7.2)	4.2	(2.63)
Hanson Trust	Sept	252,800	(169,100)	15.4	(12.5)	4.25	(3.26)
Hardanger Prop	Sept	2,610	(2,030)	27.8	(31.5)	9.8	(9.5)
Holmes & Mrchnt	Sept	1,030	(673)	15.7	(9.5)	2.2	(—)
Leeds Group	Sept	2,010	(1,420)	18.4	(14.0)	6.5	(5.0)
Polly Peck	Aug	61,100	(50,100)	49.3	(48.7)	5.25	(3.5)
Ranks Hovis	Aug	71,300	(50,700)	15.7	(12.3)	5.29	(4.36)
Rodime	Sept	14,850	(11,800)	115.0	(92.2)	—	(—)
Saatchi	Sept	40,450	(18,310)	45.0	(25.4)	13.09	(9.02)
Telecomputing	Sept	811	(420)	21.0	(10.9)	1.5	(1.0)
Tomkinsons	Sept	1,100	(238)	25.3	(11.1)	6.0	(5.0)
Trafalgar House	Sept	142,500	(113,200)	34.7	(30.6)	11.5	(10.0)
Wistech	Sept	309	(261)	—	(—)	—	(—)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Argyll Group	Sept	29,800	(23,650)	2.65	(2.1)
Atkins Bros	Sept	215	(96)	1.7	(1.55)
Birmingham Mint	Sept	712	(415)	2.0	(1.75)
Brownlee	Sept	314	(1,850)	1.0	(1.3)
Brunning Group	Sept	402	(358)	2.1	(2.1)
Castings	Sept	505	(410)	0.8	(0.67)
Cape Industries	Sept	1,610	(—)	—	(—)
Chamberlin & Hill	Sept	202	(213)	1.4	(1.4)
CH Industrials	Sept	653	(503)	0.5	(0.43)
Coalite Group	Sept	13,240	(10,880)	2.0	(1.78)
Country New Twn	July	4,930	(1,540)	0.4	(0.3)
Davis, Godfrey	Sept	2,450	(1,690)	1.5	(1.25)
Dee Corp	Nov	41,050	(27,520)	2.8	(1.8)
Dominion Intl	Sept	5,040	(3,640)	2.5	(2.2)
Edbro Hldgs	Sept	1,100	(1,000)	2.5	(2.0)
Erskine House	Sept	1,200	(610)	0.9	(0.6)
Evans of Leeds	Sept	2,200	(2,010)	1.5	(1.35)
Feedback	Sept	46	(3)	1.25	(1.25)
Ferranti	Sept	18,900	(15,300)	0.55	(0.52)
Fine Art Dev	Sept	1,060	(462)	1.2	(1.1)
FKB Group	Sept	603	(391)	—	(—)
FKI Electricals	Oct	2,560	(1,310)	0.28	(0.23)
GEC	Sept	289,000	(332,000)	1.4	(1.35)
Hall, Matthew	Sept†	11,570	(10,540)	1.5	(0.65)
Hargreaves Group	Sept	4,480	(2,280)	2.4	(2.0)
Headlam Sims	July	67	(92)	—	(—)
Illingworth Morr	Sept	3,060	(1,880)	1.25	(—)
Israel, Jack	Sept	530	(342)	—	(—)
Kleen-e-ze Hldgs	Oct	166	(104)	1.0	(1.0)
Lewmar	Aug	1,520	(1,390)	—	(—)
Lynton Hldgs	Sept	929	(702)	3.0	(2.42)
Mountview Est	Sept	2,840	(2,460)	1.0	(1.0)
Osborne & Little	Sept	404	(241)	—	(—)
Peglar-Hattersley	Sept	8,250	(8,380)	5.75	(5.25)
Plaxton Intl	Sept	256	(181)	—	(—)
Priest, B.	Sept	429	(4)	—	(—)
PWS Intl	Sept	391	(301)	3.0	(3.0)
Rolfe & Nolan	Aug	25L	(210)	—	(—)
Robertson Res	Sept	1,810	(1,170)	0.7	(0.6)
Salveson, C.	Sept	19,270	(17,040)	1.25	(—)
Sarasota Tech	Sept	752	(1,040)	0.7	(0.7)
Scapa Group	Sept	13,090	(11,610)	4.0	(3.7)
Sheffield Brick	Sept	12L	(1)	—	(—)
Sims Catering	Sept	326	(198)	1.2	(—)
Thwaites, D.	Sept	1,720	(2,400)	1.1	(1.1)
Toothill, R. W.	Sept	121	(112)	3.3	(3.0)

(Figures in parentheses are for the corresponding period.)
* Dividends are shown net pence per share, except where otherwise indicated. † For nine months. L Loss.

SCRIP ISSUES

Hanson Trust—One for three.
Telecomputing—One for one.

RIGHTS ISSUE

Industrial Scotland Energy—To raise £7.5m through a two for five rights issue at 120p.

OFFERS FOR SALE PLACINGS AND INTRODUCTIONS

Cable and Wireless—Offer for sale of 146m shares at 587p.
Chart Foulkes Lynch—USM placing of 1m shares at 86p.
Cranswick Mill Group—Placing of 2.3m shares at 95p.
Lowe Howard-Spink Campbell-Ewald—Placing 2.2m shares at 300p.
Merivale Moore—Placing 2.5m shares at 115p.
Monks and Crane—USM placing 3.8m shares at 77p.
SAC International—USM offer for sale of 4.4m shares at 100p.

All eyes will be on Telecom

THE most widely-watched results next week will undoubtedly be those of British Telecom, which reports on its second quarter to September on Thursday. BT's first-quarter performance surpassed expectations and investors will be hoping for another pleasant surprise at the half-way stage.

On the face of it, the prospects are good. Telephone traffic continues to rise—inland calls at the rate of 8 per cent a year and international calls at 15 per cent—so it probably is safe to assume a continuation of the 15 per cent growth in revenue. Meanwhile, BT is reducing its cost base by shedding employees and introducing more advanced technology, so there is room for another improvement in margins.

Another plus will be the reduction of interest charges, partly because capital spending has been slowed by delays in introducing System X and partly because last year's figures benefited from only two months of the capital restructuring.

The caveat, however, is that price rises introduced on November 1 will not be in the figures, whereas the 7 per cent pay rise backdated to July 1 will. Some forecasters are looking for £460m-£470m against last year's £365m; but the cautious ones, fearing the effect of this last factor, are nearer £450m.

The City is well prepared for a poor set of results from Pilkington, which reports on Thursday. Redundancy costs for the full year will be about £20m; and with the bulk of these (perhaps as much as £18m) falling in the first half, pre-tax profits may be as low as £33m (£52m). An 8 per cent price rise in July will have boosted UK trading profits, despite slow growth in volumes. But demand from the building industry has been weak and the main beneficiary of better demand from the motor industry has been imports, made increasingly competitive by the strength of the pound.

Overseas, the picture is scarcely brighter. Measured in local currency terms, profits in the US are more or less unchanged. In South Africa they are worse although the picture is better in Australia. However, the marked weakness in all three currencies over the period will have had a markedly adverse effect on sterling profits, exacerbated by Pilkington's use of period-end exchange rates.

A leap in interim profits to over £50m from £37m last year is expected from BET on Thurs-

Results due next week

day. However, the true advance will not be as spectacular as these numbers suggest, as about £7m of it will be due to the inclusion for five months of Initial as a subsidiary rather than as a 42 per cent owned associate.

Underlying progress of some 15 per cent should be achieved with an especially good performance from the electronics and leisure division reflecting recovery at Thames Television and a pick-up in flight simulation activities. A slightly more pedestrian improvement is forecast from publishing after excellent results last year; while profits from the construction division will benefit from a contribution by Anglian Windows, which was acquired in the second half of last year.

Again the transport division's South African activities will suffer on translation into sterling, although profits from more stable parts of the world should have been strong enough to allow a satisfactory increase overall.

Sugar production and refining remains the mainstay of TATE AND LYLE'S activities in spite of recent diversifications; and in what has not been a happy year for sugar prices, the group is unlikely to reveal any startling advances when it announces its preliminary results on Wednesday.

Although production and refining will have shown some recovery in the second half it will still be down by about £13m to £14m for the year because of over-capacity and lower margins in the UK and North America.

On the plus side, however, Tate and Lyle's major Canadian subsidiary Redpath Industries, increased pre-tax profits from C$39m to C$46m.

Overall, the market is expecting about £76m for the period to September against £69.2m last time.

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Adam Leisure	Thursday	1.0	—	—
Albion	Wednesday	—	—	0.6
Associated Paper Industries	Wednesday	1.5	3.5	2.0
Baggeridge Brick	Wednesday	1.875	4.375	2.25
Borthwick, Thomas	Tuesday	0.25	0.25	—
Burns-Anderson	Tuesday	0.7	1.72	1.25
Carr's Milling Industries	Thursday	1.75	3.75	1.75
Chemring	Friday	3.5	6.5	5.0
City Site Estates	Tuesday	0.34	0.34	—
Clydesdale (Transvaal) Collieries	Friday‡	50.0	50.0	—
Cooper, Frederick	Wednesday	0.53	1.24	0.55
Crystalate Holdings	Thursday	1.47	2.23	1.54
Dobson Park Industries	Monday	1.9	3.31	1.9
Eldridge, Pope and Co.	Thursday	2.1	2.8	2.4
English China Clays	Thursday	3.6	6.0	4.0
Flexello Castors and Wheels	Wednesday	1.0	2.0	1.1
Granada	Wednesday	2.0909	4.1	2.53
Greenall Whitley	Tuesday	1.928	2.5264	2.0726
Hardys and Hansons	Friday	4.5	10.4	5.0
Hunslet (Holdings)	Monday	—	5.5	—
Inn Leisure	Thursday	—	0.42	—
Irish Distillers	Wednesday	1.5	5.65	1.5
Johnson and Firth Brown	Monday	—	—	—
Lysander Petroleum	Monday	—	—	—
McCorquodale	Tuesday	2.0	3.4	2.2
McLeod Russel	Tuesday	2.623	3.78	3.0
Morceau Holdings	Tuesday	1.0	1.2	—
Nottingham Brick	Tuesday	1.5	3.5	2.0
NSS Newsagents	Wednesday	1.2	2.1	1.35
Paters, Michael	Monday	1.0	1.6	—
Piccadilly Radio	Friday	0.875	1.0	0.875
Plaxtons (GB)	Tuesday	1.5	3.9	1.5
Redfearn National Glass	Friday	—	2.0	—
Reliant Motor	Monday	—	—	—
Sidlaw	Thursday	6.0	14.0	2.75
Spencer Clark Metal Industries	Thursday	—	0.5	0.5
Stakis	Wednesday	0.33333	0.66667	0.4
Tate and Lyle	Wednesday	6.5	12.5	7.5
Vaux Breweries	Tuesday	3.4	6.655	—
Whessoe	Thursday	2.5	3.0	2.5
Windsor Securities	Tuesday	0.5	0.75	0.55
Wolverhampton and Dudley Breweries	Monday	2.55	5.05	2.85
INTERIM DIVIDENDS				
Anderson Strathclyde	Wednesday	—	—	
Baker Perkins	Thursday	2.8	4.15	
Berkeley Group	Tuesday	1.2	2.4	
BET	Thursday	2.75	11.25	
Braithwaite Group	Wednesday	4.0	8.1	
Brasway	Thursday	0.75	1.25	
Bristol Evening Post	Thursday	7.5	14.0	
British Telecommunications	Thursday	—	3.9	
Bulmer, H. P.	Wednesday	2.24	2.66	
Caffyns	Monday	2.2	2.3	
Chapman Industries	Tuesday	2.3	6.1	
Cherror Consolidated	Thursday	3.75	7.25	
Chloride	Tuesday	—	—	
Combined Technologies	Monday‖	—	—	
OBE Technology Group	Friday	—	—	
Osrinend Stamping	Wednesday	2.2	4.1	
Fairbriar	Tuesday	—	—	
F and C Alliance Investment	Monday	0.55	1.15	
Fleming Overseas Investment Trust	Tuesday	1.0	1.75	
Fuller Smith and Turner	Thursday	2.4	4.1	
Greene King and Sons	Friday	1.34	3.33	
Greycoat Group	Thursday	0.75	1.0	
Harris, Philip	Thursday	3.0	4.75	
Havelock Europa	Wednesday	0.7	1.6	
Hazlewood Foods	Monday	5.5	8.0	
Imperial Continental Gas	Tuesday	5.25	9.25	
Ingram, Harold	Thursday	1.0	1.5	
International Leisure	Tuesday	2.0	2.8	
Latham, James	Tuesday	5.0	8.25	
Lovell, G. F.	Monday	—	3.0	
Marling Industries	Wednesday	0.6	0.9	
Meyer International	Tuesday	1.8	3.45	
Miner Holdings	Tuesday‡	—	—	
M and G Second Dual Trust	Wednesday	4.2	4.73	
Monk, A.	Friday	2.0	4.5	
Michael, John Design	Monday	—	—	
Norcros	Tuesday	2.6	6.0	
Northern Foods	Thursday	4.25	3.0	
Old Court Currency Fund	Thursday	44.928	54.25	
Ootometrics (U.S.A.)	Tuesday	—	—	
Pilkington Brothers	Thursday	5.0	7.5	
Preedy, Alfred	Monday	1.0	2.575	
Property Holding and Investment Trust	Monday	0.89	0.61	
Read Executive	Thursday	1.0	2.0	
RFO Group	Tuesday	1.015	2.71	
Stock Conversion	Monday	2.5	5.0	
Siltone	Tuesday	3.5	6.4	
Tiohook	Monday	—	—	
UVO International	Thursday	1.5	3.5	
Viewolan	Thursday	—	—	
Vinten Group	Monday	1.05	2.1	
Wagon Industrial Holdings	Wednesday	3.0	4.25	
Warehouse Group	Tuesday	—	3.75	
West's Group International	Monday	2.3	5.0	
Whitecroft	Monday	2.3	5.4	
Woodhead, Jonas	Friday	—	0.1	
Yellowhammer	Wednesday	—	—	

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue. † Second interim. ‖ Cents per share. ‡ Third quarter figures.

INTEREST RATES: WHAT YOU GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 30%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	5.75	5.83	4.58	3.33	half yearly	1	—	0-7
High interest cheque	8.25	8.51	6.69	4.86	quarterly	1	2,500 minimum	0
3-month term	7.88	8.12	6.38	4.64	quarterly	1	2,500-25,000	90
BUILDING SOCIETY†								
Ordinary share	7.00	7.12	5.60	4.07	half yearly	1	1-250,000	0
High interest access	8.75	8.75	6.88	5.00	yearly	1	500 minimum	0
90 day	9.50	9.73	7.64	5.56	half yearly	1	500 minimum	90
Premium	9.40	9.74	7.65	5.56	quarterly	1	10,000 minimum	90
NATIONAL SAVINGS								
Investment account	11.50	8.05	6.33	4.60	yearly	2	5-50,000	30
Income bonds	12.00	8.88	6.97	5.07	monthly	2	2,000-50,000	90
31st issue‡	7.85	7.85	7.85	7.85	not applicable	3	25-5,000	8
Yearly plan	8.19	8.19	8.19	8.19	not applicable	3	20-200/month	14
General extension	8.52	8.52	8.52	8.52	yearly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	8.75	8.94	7.02	5.10	half yearly	1	2,500 minimum	0
Schroder Wagg	8.22	8.54	6.71	4.88	monthly	1	2,500 minimum	0
Provincial Trust	8.60	8.95	7.03	5.11	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
7.75% Treasury 1985-88	10.88	8.17	6.69	5.23	half yearly	4	—	0
10% Treasury 1990	10.87	7.87	6.24	4.63	half yearly	4	—	0
10.25% Exchequer 1995	10.90	7.71	6.00	4.45	half yearly	4	—	0
3% Treasury 1987	8.85	7.79	7.15	6.53	half yearly	4	—	0
3% Treasury 1989	8.48	7.59	7.06	6.53	half yearly	4	—	0
Index-linked 1988¶	9.47	8.77	8.44	8.09	half yearly	2/4	—	0

* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 5 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

Freddies plays a DAB hand

PLENTY OF deals have been cooking again in the mining kitchen. Hardly had the market digested fully the grandiose plan for integrating the Anglo **American Corporation** group's Orange Free State mines into the world's biggest gold mining complex than this week brought another offering from South Africa. It was served up by the long-established Free State Development and Investment ("Freddies").

Freddies earns its living from investments, mostly in South African gold shares. Its future hopes are bound up with mineral leases held in the Republic which one day might be turned into gold mining operations. That day is coming nearer but any exploitation of these leases would call for substantial amounts of risk capital.

So Freddies intends to prepare the way by hiving off the investments into a new listed company, **DAB Investments**, shares of which will be given to existing Freddies holders on a one-for-one basis.

There would then be a five-for-one share split for the parent company, which would carry on as a purely exploration concern. An existing holder of 100 Freddies would thus wind up with 500 shares after the split, plus 100 shares in DAB Investments which will later raise fresh funds via a rights issue.

Mining

If the deal goes through, shareholders will be able to sell the shares of both companies in the normal way. So, they may choose between a rather staid, but dividend-paying, investment company, or a more exciting, but riskier, exploration company with virtually no income.

In the bigger league, the Bermuda-registered **Minerals and Resources Corporation** (Minorco) has come up with a plan to ease the financial plight of its 59 per cent-owned big US copper producer, **Inspiration Resources**, and at the same time, acquire a major stake in US oil and gas.

Minorco, the international investment arm of Anglo American and De Beers, is to pay Inspiration some $215m (£146m) for a 49 per cent stake in the US oil and gas-producing **Adobe Resources Corporation**, plus about 24 per cent in the lesser **Arcata Corporation** which is a printing business with timber interests.

Minorco has had a rather chequered career. It made a good profit on the sale of part of its holding in **Phibro-Salomon** earlier this year, but it has a disappointing record as far as earnings are concerned.

Still, something had to be done to help the debt-burdened Inspiration and Minorco points out that, whatever the short-term doubts, Adobe should be a fine investment in the long term. The share market, however, has been unimpressed by the deal.

Concerned about future oil prices and, more particularly, about the poor performance of its mining interests, **Standard Oil Company of Ohio** (Sohio) has followed other US oil majors in writing down assets heavily.

It is taking a $1.15bn (£780m) after tax write-off. This will mean a £600m extraordinary charge for **British Petroleum**, which holds 55 per cent of Sohio.

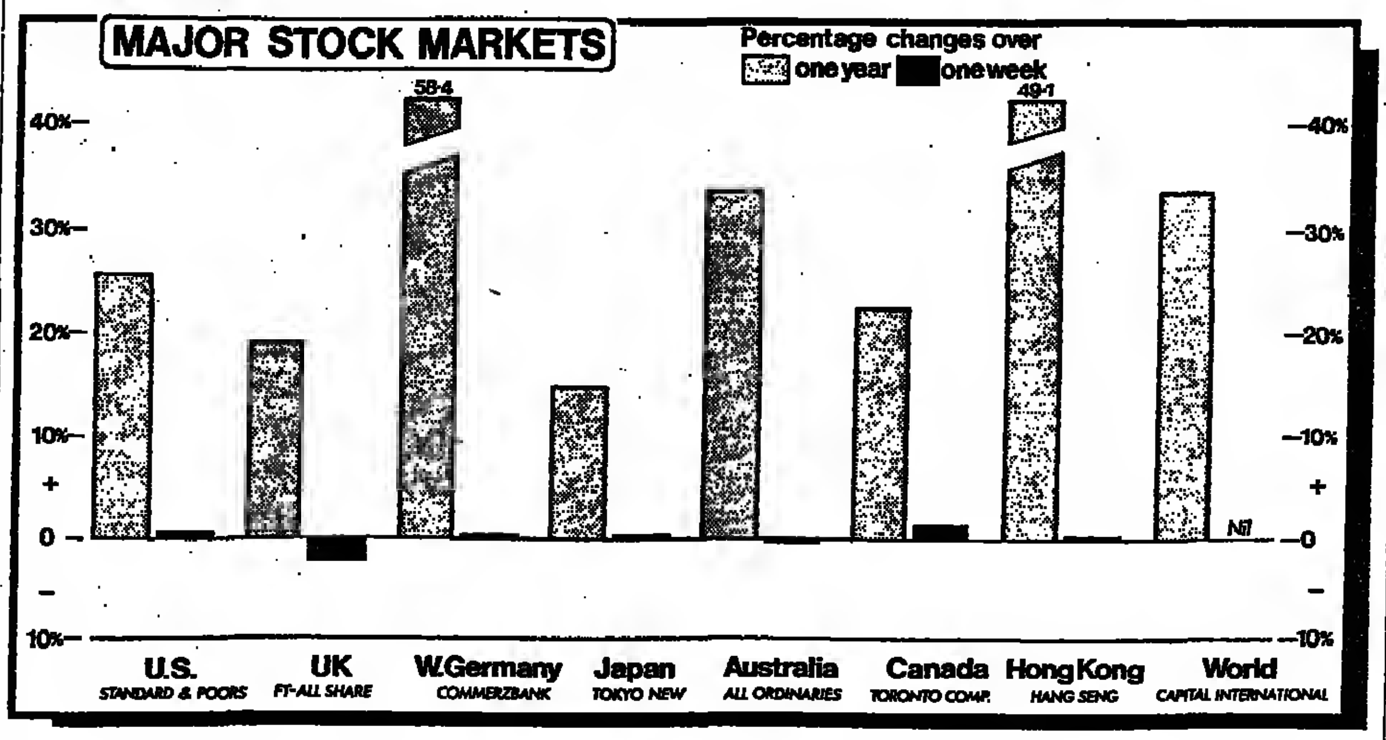
Ironically, the main problem has been with the Kennecott copper mining subsidiary which, on the day after the Sohio news, announced a major gold find in Papau New Guinea. So far, 137.27m tonnes of ore, grading an average 2.66g gold per tonne, have been outlined on Lihir Island in New Ireland province.

The prospect looks to be one of the biggest gold finds ever made in Australasia. Kennecott holds 88 per cent of the venture, with **Niugini Mining** owning the remaining 12 per cent.

Now to Australia, where **Pancontinental Mining's** Tony Grey has pulled off a neat deal over the high grade Lady Loretta zinc-lead-silver deposit in Queensland. He first bought a 50 per cent share in it for A$10.5m (£4.8m) from **MIM Holdings**, and then got the rest for the same price from **Elf Aquitaine Triako Mines**.

This week, he has announced that a 49 per cent stake has been sold for A$10.5m to Finland's Outokumpu, a specialist in mining, smelting and refining of base metals. Furthermore, Outokumpu will pay the first A$6.86m cost of bringing the property to production, leaving Pancontinental with funds for other moves in its plan to become a broadly based Australian mining house.

Kenneth Marston



Foreign cash boosts the bourse

AFTER A month of fireworks in November, the Paris bourse this week has been settling down to a more modest pace. The late autumn rally, however, has left the market looking as sunny as the weather along the boulevards this week.

Following a rise of 56 per cent in 1983 and 16.5 per cent in 1984, the bourse index has risen around a further 34 per cent this year. With the latest rally spurred by foreign buying, above all from US pension funds, Paris brokers no longer have to explain lengthily to the international investment community that a socialist government can be good for the bourse.

After two years in the doldrums following the election victory of President Francois Mitterrand in May 1981—which provoked one of the biggest one-day falls ever seen—the stock market has been on an almost permanently upward trail since March 1983. This was when the Government introduced austerity measures designed to bring down inflation and protect the franc.

The bourse upsurge seemed to have petered out during the summer, partly because of fears of political and economic uncertainty next year. The right-wing opposition is expected to win a majority in the National Assembly after general elections in March and this could touch off a constitutional conflict between Mr Mitterrand (who still has two more years to go in the Elysee Palace) and Parliament.

However, soothing economic policy messages from both the Socialist Government and the Opposition during the past few weeks have combined to calm investor fears. The Mitterrand Government, which has brought inflation down to 5 per cent and has kept the franc steady in the European Monetary System for more than 2½ years, is making clear that it will keep a tight hand on the tiller right up to the March elections. The Opposition has started to backtrack from its wilder promises, made during the summer, of sweeping economic change next year.

Paris

Paradoxically for a stock market which instinctively favours the Right, Paris investors had feared that a big programme of denationalisation next year could swamp the bourse with share sales. They also believed that Opposition pledges to dismantle controls on prices and currency movements could reverse the Socialists' hard-won success in bringing down inflation without undue labour unrest.

In fact, whichever government is in power next year now seems likely to continue efforts to tackle inflation and carry out modest deregulation of the traditionally rigid French economy.

Paris brokers say the sheer weight of money from abroad has left the stock market index with only one way to go in recent weeks. Bourse trading (both equities and bonds) hit a new record in November at FFr 107.4bn, with equities transactions jumping 50 per cent from October to FFr 21bn.

On several days last month, trading volume topped FFr 1bn — by Paris standards, frenetic in the extreme. Volume this week has dropped back to daily averages (still higher than normal) of around FFr 500m to FFr 600m.

Demand has come, above all, from institutions in the UK — many acting for big US funds — as well as West Germany, the Netherlands and Switzerland. Significantly, British insurance companies and other big institutions were behind the original rise in March 1983 — and do not seem yet to have decided that the Paris market is too dear.

The November flurry — during which the bourse index rose 17 per cent during a period of 19 successive daily increases — surprised many analysts who had been expecting a quiet end to the year. The weight of selling to foreign investors by domestic institutions created fears by the end of the month of a dangerously over-bought market. But, after a technical downturn at the beginning of December, the market continued its upward trail this week.

Unlike the previous upturn in 1983/84, which was concentrated on classic profitable export-oriented French stocks, the latest surge has benefited mainly companies previously in the doldrums but which now are making a recovery. Poclain, Michelin and Peugeot shares all roughly doubled in value this year while another favourite has been Thomson-CSF, the company at the centre of France's $4bn battlefield telecommunications system order with the US army.

As for the future, Paris brokers are hoping that possible measures next year to increase tax incentives for buying shares —which carry much lower fiscal attractions than bonds—will compensate for any increase in issues through denationalisation. Whatever else happens, 1986 promises to be a year when Paris will remain firmly in the eye of the foreign investor community.

David Marsh

Optimism rules as equities march on

OVER the past few weeks, Wall Street's bullish mood has developed a strange, self-perpetuating momentum in which virtually any kind of news is transformed into an optimistic signal.

The pattern has repeated itself time after time. A large company, for example, announces an enormous write-off—and its share price goes up. There are takeover rumours about yet another company—and its share price goes up as well. Reports of an imminent discount rate cut begin to circulate—and the market as a whole goes up. This week, one company even announced a large new share issue—and, again, was rewarded by watching its share price spiral up.

All of these forces have contrived to keep equities marching forward during the week, despite some determined efforts to take profits. With the market gaining 98 points as measured by the Dow Jones Industrial Average last month, some profit-taking was virtually inevitable; and when the sell orders started tumbling in on Monday, the index took its severest battering since last August.

Two days later, however, the 14-point loss was eradicated completely when the industrial index soared by more than 25 points to establish yet another record at 1,484.40. Other indices followed suit. The Dow Jones Transportation Average finally topped its July 17 record to reach 709.62; and the Nasdaq OTC hit its high for the year at 316.68, and moved into range of its all-time record of 328.91. This was established way back in June 1983 when small shareholders were buying newly-introduced, high-flying, high technology stocks like hot cakes.

The extraordinary development of the write-off phenomenon, which has been accelerating gradually over the past year or so, culminated this week in one of the biggest yet—a $1.15bn after tax charge at Sohio, British Petroleum's majority-owned US subsidiary.

This provision is about as big as anything that has occurred in the country's devastated basic industries, where the steel groups and many manufacturing companies have vigorously been scrapping outmoded plant; and one of the largest in the oil sector.

Analysts give two reasons for the $1¾ rise in Sohio's share price to $52¾ after the announcement. First, investors believe the move is a piece of preparatory housecleaning before a bid from the parent, BP. Second, they are buying the company's story that the action will lead to considerably improved cash flow next year.

On the takeover front, there were a number of inspired titbits this week. Schering Plough, the pharmaceuticals and consumer products group, for instance, jumped by $3¾ to $60½ on Monday on suggestions that E. F. Hutton, the brokerage company, was acquiring shares to prepare the way for a bid from one of its clients.

Gould, the electronics group, also moved up by $1¾ to $32¼ as renewed speculation begun over the possibility that it was on someone's hit list—Siemens, the West German electrical group, is said repeatedly to be interested in acquiring it. And

Wall Street

shares in Viacom, the cable television group, leapt up by all of $5 to $63¼ in one of the strangest moves of all.

The curious feature of the Viacom price rise was that it came after the company had announced a 2.5m share issue aimed at raising around $146m. Typically, of course, prices drop on the news that shareholders have to dip into their pockets to prevent their equity from being diluted—indeed, only the day before, shares in American Can had suffered a fall of almost 5 per cent after it announced a 2m share issue.

At Viacom, Wall Street's explanation hinged once again on takeover speculation. Someone, the argument ran, has been acquiring Viacom stock with the view to making a bid, and is determined not to see the stake diluted — and Viacom's main objective in making the issue was to achieve the dilution rather than to raise cash.

Renewed speclation over a possible discount rate rumour was reckoned to be one of the fatcors behind the surge in the market in Wednesday. Overall, however, the market still has little to cheer about in the news coming out of Washington, as progress on tax reform and deficit reduction crawls on at a snail's pace.

MONDAY	1457.91	−14.22
TUESDAY	1459.06	+ 1.15
WEDNESDAY	1484.40	+25.34
THURSDAY	1482.91	− 1.49

Terry Dodsworth

West German venture

JUMPING ON the German bandwagon is Premium Life Assurance, which claims to be the first life office to launch a unit-linked insurance fund dealing only in the West German equities market. The fund will invest in German unit trusts and investment trusts, not directly in shares.

●

FREE spending money on P&O cruises in 1986 is being offered in a holiday promotion scheme launched by the Skipton Building Society. Sovereign investors in the society, either existing or new, automatically become members of the Skipton Travel Club, which has been formed to negotiate special deals on holidays. Under the P&O promotion investors are offered free spending money ranging from £60 for a cruise costing £1,000 a person up to £250 for one priced at £4,000.

●

The Business Expansion Scheme for Fine Country Homes has been withdrawn and subscription monies returned to applicants. Sponsors Anthony Wieler said there had been insufficient support to reach the minimum subscription of £750,000 by the closing date of the offer

Singapore shock waves

THE TEMPORARY closure of the Singapore and Malaysian stock markets this week sent minor shock waves through the unit trust industry. Investors in the three funds investing solely in the two exchanges suffered heavy losses. Dealings were temporarily suspended in the funds as the companies waited to see what would happen.

When dealings were resumed on Thursday, after the exchanges had started trading again, the unit prices were marked down sharply. The bid-offer spread for Henderson's Singapore and Malaysia fund, with about £2.5m invested, was cut to 23.6p-25.5p per unit compared with 30.0p-31.8p a week ago. Schroders, with over £6m involved, reduced its Singapore fund spread to 43.9p-46.9p against 56.1p-60p last week and the Target Malaysia and Singapore fund of some £3m was 17.2p-18.3p (20.9p-22.3p).

Mr Ian Sampson of Schroders said they had not been recommending the fund for months in view of the weak trend in the Singapore market. But in five years the setback might well be viewed as a temporary local difficulty as a result of panic in volatile trading conditions.

Target and Hendersons also said they had been discouraging investors in the these funds in view of the problems facing Malaysia and Singapore at present.

Mr Ian Clark of Henderson's said there had been some reaction in other South-East Asian and Pacific Basin funds, although most of them only had a small proportion of their portfolios in Singapore or Malaysian markets.

Mr Harry Littlefair of Allied Dunbar said only tiny sums were involved. Fidelity, Gartmore and Guardian Royal Exchange issued special statements emphasising that they had small proportions of their funds under management in Singapore and Malaysia as they had taken a cautious attitude to these markets for some months.

Mr Harvey Black of M and G, whose shares were hard hit initially on rumours of heavy losses, said there had been total confusion. M and G, the company quoted on the stock market, doesn't invest in shares at all; that is left to the investment company.

Nevertheless, although the losses suffered are painful mainly for individual investors, and represent only a small proportion of the total funds invested in unit trusts, there is some concern of a wider backlash.

The setbacks to the Singapore and Malaysian exchanges have highlighted the dangers of investing in small markets with limited liquidity and disclosure problems.

When relief is not total

END MORTGAGE tax relief? The cries of horror from homeowners and would-be homeowners can be heard from Devizes to Downing Street, regardless of whether the Duke of Edinburgh or the Church of England makes the suggestion.

How much does tax relief on mortgages save the housebuyer? A total of £3.5bn a year, according to the Treasury, but the money is spread thinly. Building society figures suggest an average payout from the Inland Revenue of about £660 per borrower per year at current rates of interest.

Two years ago the average was about £370. When interest rates rise, so does the tax relief.

A borrower with a £20,000 mortgage from the Halifax Building Society pays an interest rate of 12.75 per cent and £168.64 a month net. Over the 25-year lifetime of the mortgage the basic-rate taxpayer will receive a tax subsidy for the interest on his mortgage totalling £16,495.80, and will make capital and interest payments out of his own pocket of £50,594.16p—a total of £67,089.96p.

A £16,000 present from the taxman sounds appealing, but it is not unalloyed benefit. Because the tax relief makes homeownership more attractive, it increases demand for houses and helps to raise prices. What is gained from the tax relief, may be lost on the house price.

Without tax relief, a borrower who could afford to make the same £168.64 monthly payment would be able to borrow only a little over £15,000, not £20,000. Abolishing mortgage tax relief would therefore have to lower house prices by 25 per cent for the new housebuyer to be able to afford the same home.

With house prices rising by nearly 8 per cent a year across the country—and by over 16 per cent in London—tax relief may not be the most important element in the housebuying equation.

WHO GETS THE TAX RELIEF

Income bracket	Numbers receiving relief (000's)	Average relief per borrower (£)
Over £20,000	495	830
£15,000-£19,999	760	465
£10,000-£14,999	1,950	380
£5,000-£9,999	2,255	280
Under £5,000	360	70
Total	5,820	370

Source: Hansard 1984.

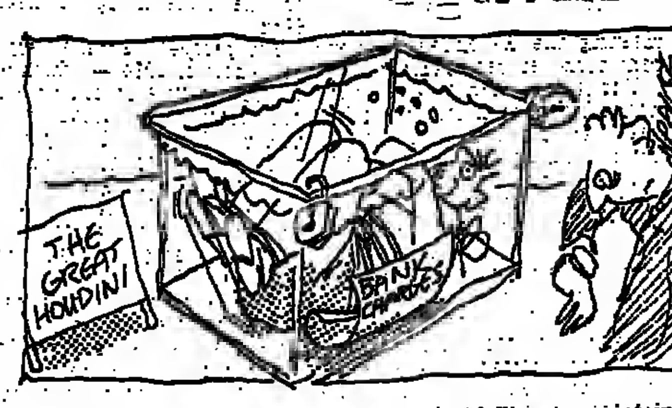
Banking charges

Free to confuse

THERE IS no such thing as a "free" lunch. So this week's announcement by three of the main clearing banks that they are planning to join the Midland Bank and introduce "free" banking services may be treated with some scepticism.

First, the freebanking service applies only to customers whose current accounts remain in credit virtually all the time; although if the average credit remains above £500, then temporary dips into an overdraft will escape charges in the case of Barclays and Lloyds.

Second, you must take into account the potential interest lost to maintaining a current account in credit, when these funds could be earning money on deposit in a building society or in a high interest bank account.



Save & Prosper, the unit trust group which offers a high interest banking service, claims that many bank customers seriously underestimate the average balance maintained on their current account.

The average Save & Prosper says in a topical guide to bank charges issued this week, tends to be confused with the minimum balance. Customers fail to appreciate the amount of interest lost by keeping ready money in a traditional current account.

Mr Ian Lindsey, Save & Prosper general manager, is critical of the "free banking" term being promoted by the High Street banks. He says: "Banks may not make specific charges when accounts remain in credit, but nor do they pay interest on credit balances. This absence of interest is, in effect, an indirect charge, and many customers are not aware of this fact."

It can be a tricky calculation. If you decide to put surplus cash into an interest-paying account, you should be careful to ensure that you have enough to keep a credit balance in your current account. The cost of going into an overdraft, even for a short spell, can be severe.

An unauthorised overdraft (that is, one not given prior approval by your bank manager) will automatically incur an interest rate of 12 per cent above base rates—11.5 per cent—in other words, nearly 24 per cent.

If you ask the bank manager to authorise a temporary overdraft, the interest rate is negotiable depending on your value to the bank as a customer, your creditworthiness, and the manager. It can vary between a low of 2 per cent, for a valued customer, to 7 per cent or above. According to Lloyds, the average rate charged on overdrafts of this kind is around 4 per cent.

It does not stop there. Most banks charge what they politely call an "arrangement" fee for agreeing to lend you money.

Lloyds says its managers have total discretion over this, but the other banks lay down rough guidelines and often set a minimum charge. NatWest, for example, suggest the arrangement fee should be £1.50 per £100 barrowed for loans of up to £5,000; a minimum of £15, unless it is a very small overdraft. In addition, Barclays, NatWest and Lloyds have an account service charge of £1 a month (£3 a quarter) for any customers failing to maintain a credit balance. Midland has just introduced a similar charge of £2.50 a quarter.

Worse: any customer with an overdraft faces paying charges for all the "services" provided. These vary from bank to bank. Barclays now charges 29p for all debits, including cheques and standing orders, for customers going into overdraft.

These charges are applied for the whole relevant quarterly period, even if the overdraft is of very limited duration. However, NatWest, the Bank of Scotland, Clydesdale and Royal Bank of Scotland give a notional rate of interest of 3 per cent when your account is in credit, and this can be deducted from the charges.

Lloyds, whose new charging structure will be implemented in March, are cutting this quarterly charging period down to one month. They also plan to rationalise charges made to a single figure of 20p for all debts. Currently they charge 30p for cheques and standing orders, 20p for cash dispenser withdrawals.

However, Lloyds will be the only major London clearing bank also to charge you 20p for paying in credits to reduce an overdraft. They say that it costs as much money to process a credit as a debit payment.

The Co-op charges as much as 36p for a credit by customers with an overdraft, while the Royal Bank of Scotland charges 14p for automated credits and 30p for non-automated ones.

The Royal Bank of Scotland varies debit charges from 14p for cash machine withdrawals, and direct debits, to 30p for cheque and standing orders. TSB charges 35p for all debits, when customers are overdrawn; the Co-op, 36p. Bank of Scotland charges range from 16p to 30p.

The Midland Bank has just revised its charges. The cost of automated debits, for customers with overdrafts, goes up from 12p to 25p each, but is reduced for non-automated debits from 31p to 25p. It has dropped the previous 2.5 per cent notional interest allowance.

With rather unfortunate timing, National Girobank has announced that from January 6 it is putting up its charges for debits from 50p to 75p. However, the group pointed out that it has a daily, rather than a monthly or quarterly charging period, and the rise only applies to customers with overdrafts.

At the same time it is introducing a charge of £5 for each when an account holder has insufficient funds to cover the proposed payment. This is the equivalent of a clearing bank's "bounced" cheque. (Girobank claims that other banks make even higher charges for bouncing cheques.)

Financial Times readers complain of banks overcharging on foreign exchange transactions. One wrote: "In medieval times bankers were often massacred for such practices—over the years society has changed its attitudes but the banks appear to be the same as ever."

John Edwards

Business Expansion Scheme

Wrong vintage

FEARS OF an Inland Revenue assault on abuses of the Business Expansion Scheme's tax privileges have led some investors to steer clear of wine and antiques businesses which rely mainly on the appreciation of assets, rather than trading activity, for their profits.

Charles Fry, the prince of the asset-backed BES, has a different reason for avoiding wine and antiques companies in the new Business Expansion fund launched by his company, Johnson Fry. He just does not think they are good investments any more.

In wine, he regards the market as overheated because so many companies have taken advantage of the BES tax relief to raise money. There is not enough good wine around for a new company to dive in with £500,000. "God help them in five years' time when they try to sell the wine," Fry says.

With art, his doubts are different. "We would do an art BES if we could get a premier division man," Fry says, "but you are only going to get second division people looking for money.

Instead Fry looks at companies such as a London restaurant and a cash and carry operation for his BES fund—a non-authorised scheme, which is therefore open-ended. Investors get shares directly in the chosen companies, rather than in the fund itself, and not all investors need end up with the same selection.

Fry will pick a number of investments directly for the fund. If he then regards the level of asset-backing as inadequate, he will top up the portfolio with shares in some of the individual company BES issues for which Johnson Fry is best known.

Fry is not worried about the Inland Revenue's moves to clamp down on companies that do not carry on a legitimate trade. The two wine companies for which he raised over £1m of BES money last year—Classic Wines and Barrington Wines—had initially planned to turn over only 25 to 30 per cent of their stock each year, but Fry says they will have no problem meeting the Revenue's 80 per cent turnover requirement.

Nor is he concerned about the possibility that hotels could be regarded as making their money from leasing—which is excluded from BES tax relief. He says the leasing element in booking a hotel room can only only apply to he bare boards. Beds, towels, hot water and the like are services.

Johnson Fry does not charge investors directly for running the fund. Instead, it takes a fee of 4 per cent from the companies invested in, and options on up to 7.5 per cent of the share it buys on behalf of the fund. Interest is paid to the investor until money is invested in BES companies.

Teenager account

CLYDESDALE BANK is offering teenagers the combination of interest on their money and a cash card. The Readycash account needs a minimum opening balance of £10, and the bank is throwing in an extra £3 voucher for accounts opened before January 31.

Clydesdale's cash machines are linked directly to its computers, so you can never withdraw more money than there is in your account. The account is open to anyone between 14 and 17 years.

Readycash pays 7 per cent net on balances below £500, rising to 7.25 per cent on sums between £500 and £1,000, and to 7.5 per cent on anything above that. This is a much better return than adults get on the equivalent Clydesdale Autocash account—a mere 3.25 per cent net.

There is a catch, however. Interest is calculated each month on the lowest balance that you have had that month. Even if you keep a high average balance, you may get a low interest payment if your balance dips temporarily. Most accounts calculate interest daily, even if, like Readycash, they credit the money to you only every six months.

George Graham

Takeovers

Some people are going to get hurt

SOMETHING dramatic is happening to Britain's companies. In the first two days of this week, the stock market was hit with takeover proposals amounting to well over £4bn, and the value of megadeals now on the table is up to nearly £8bn.

For perspective, takeovers in the whole of 1984 — which was far and away a record year for bid activity — amounted to under £5.5bn. To put it another way, spending on bids this year is running at well over 50 per cent of total capital investment by companies.

What is going on? And does it matter?

The takeover wave is being made possible by a very favourable financial background. Company profits have been rising strongly for more than three years; this, combined with lower inflation and a relatively cautious trend in capital spending, has meant that companies have been building up big financial surpluses — more than £4bn in the first six months of this year alone.

Share prices have been on a strongly rising trend, too, so that bidders have been able to issue more of their own highly rated shares to finance acquisitions. Not all companies have benefited alike from the bull market though: Plessey's share price halved between 1984 and 1985, making it a sitting duck for GEC which announced its merger plans on Tuesday.

At the same time, international bankers have decided that lending money to back takeovers is a lot less risky than pushing it out to Third World borrowers. These days, a bidder has only to make his intentions known to be flooded with calls from banks all around the world.

Some banks have additional motives. Citicorp wants to become a big player on the UK scene; and it will make an important step in this direction if the bid by Elders IXL for Allied-Lyons, which it is backing, eventually wins the day.

Government policy also is playing a part in the merger wave. For years, the official approach was highly unpredictable, and bids used to be referred to the Monopolies Commission for all kinds of reasons. Ministers might have been worried about conglomerate mergers or foreign bidders — or they might simply have objected to the cut of the bidder's jib.

Today, policy is much more specific. Takeovers are unlikely to be referred unless they threaten to limit competition, and this predictability has greatly increased the confidence of bidders in preparing their plans. The threat of the commission seems to be less worrying, even when a bid does appear to have implications for competition. GEC's Lord Weinstock always used to suggest that he would be barred from making another big acquisition in the UK. This week, he dismissed such ideas as irrelevant.

Yesterday's decision to refer the bid for Allied-Lyons to the commission may in part be the Government's way of warning bidders not to take it for granted.

So, there is an ideal climate for opportunistic takeovers. Argyll can mount an attack on Distillers, a company several times its own size, because it has strong support in the City and Distillers is seen as a sleeping giant. In a harsher financial climate, the deal would be impossible. Now, it seems just too good to resist.

Other deals have been fuelled by the ambitions of expansion-minded managers, combined with a dash of commercial logic. Sir Terence Conran, of Habitat/Mothercare, wants to build a powerful presence on

Britain's high streets. He saw in British Home Stores a group with strong financial controls but a shortage of zip in the market place. The fact that his shares had outperformed those of BHS by a half in the previous three years must have clinched the deal in his mind.

The fear of being take-over victims is also playing a part in bringing companies together. Now that size is no barrier to a bid, all kinds of companies are nervously looking over their shoulders to spot potential assassins. Imperial and United Biscuits have many fancy arguments to justify their proposed marriage; but their managers may also have been aware that the other possibilities could have been a lot less cozy.

In theory, all these takeovers should have a healthy impact on the economy. Market forces will ensure that efficient managers kick out the inefficient, producing a more dynamic corporate sector. But things are not that simple.

For a start, it is possible that some bids are being financed in an imprudent way — involving a level of debt that can be justified only if the economy continues to grow and interest rates are stable.

Some bidders are paying extraordinary prices: Beecham is offering three times annual sales for its present US acquisition — a healthcare company with a dull earnings record. And that is an agreed deal. In the excitement of a battle, even the most tight-fisted managers sometimes get carried away and pay over the odds.

Moreover, some of the bids now on the table look frankly uninspired. The Imps/UB merger is an obvious example: as broker Hoare Govett put it, the deal is reminiscent of the conglomerate creations of the early 1970s which bought no benefit to shareholders.

Then there is the more general question of the concentration of resources. A healthy electronics industry needs innovators and risk-takers — people working in their garage to build a new personal computer. Would such an environment be encouraged by a merger of GEC and Plessey?

Finally, there is at least the possibility that fear of an unwanted takeover will lead companies to steer away from the kind of innovation spending that might reduce profits in the short term. Managers who fear for their jobs will be less willing to take risks which can pay off only in the long term.

Investors are enjoying a bonanza from the takeover wave. According to broker Simon and Coates, no fewer than 52 of the top 300 companies are subject to some form of takeover speculation at present. Their combined value is £36bn, or about 15 per cent of the total market. But when the merry-go-round eventually grinds to a halt, some people will get hurt.

Richard Lambert

How to have your cake and eat it

WHEN big blue-chip companies become involved in takeover battles, small investors can be forgiven for thinking they should keep their heads down and hope for the best.

The outcome of such takeovers will be determined by the big shareholders — pension funds and investment trusts — which get detailed financial forecasts to sway their decisions. But even small investors may now take advantage of the uncertainty that surrounds takeovers. Using options allows them to maximise their profits from the clashing of giants.

Trade options, in particular those 33 stocks quoted in London whose options can be traded freely among third parties can provide a way to have your cake and eat it during takeovers.

In an unwelcome takeover, or if the Monopolies Commission is involved, shareholders in the bid-for-company may sell early for a known profit and then acquire "call" options (the right to buy shares) in order not to miss any further rises in the share price. Alternatively you can ride the takeover gravy train until the end and buy "put" options (the right to sell shares) as protection against a possible failure and subsequent collapse of the share.

Both of these strategies reduce the risks of volatile markets by locking-in known prices. The choice depends on whether you want to retain the stock (or its takeover equivalent) or sell it.

The bid by Argyll for Distillers, for example, was first rumoured late last summer, when Distillers was under 300p. Shareholders since have seen the stock move to over 500p.

But what if the bidding is raised further? Part of the profit may be used to buy a call option in Distillers. The January 500 series, for example was offered at 28p earlier this week: this gives the option buyer the right to buy Distillers shares at 500p any time between now and late January.

If Distillers' share price goes up to, say, 500p or more, then the option to buy at 500p will reflect this added value and the investor will be able to sell his 28p option for over 50p.

If the Argyll bid fails or is blocked, then Distillers price may slip back. But the investor who sold the stock at around 500p is now on risk for only part of the 28p premium he paid for the option. Some of this will be recoverable and can be offset against the larger gain made on the earlier sale of the stock.

Similarly, buying a put option protects the investor from any downside risk if the bid fails, while allowing him to retain the stock in his portfolio. This is particularly useful where the defending company promises increased dividends as a means of attracting anti-bid support.

The January 500 series put option for Distillers cost 20p when the stock was 505p. This gives the investor the right to sell the stock at 500 any time before the end of January. If the takeover fails and Distillers' price falls, then the value of this option will increase inversely.

Outside the traded option sector, there still is room for manoeuvre, however, by using traditional options. These are available on any listed stock. Unlike traded options, they may not be sold on to a third party but have to be exercised, lapsed, or, on rare occasions, sold back to the grantor. Also they may not be [illegible] for longer than three months [illegible].

[illegible] exercise needs to be completed within an account period if the investor is not to be stuck with taking or making delivery of the underlying stock represented by the option. Exercising means taking delivery of the stock on a call and making delivery on a put at the price for which the option was written. The profit comes from making an offsetting sale or purchase at the market price and taking the difference.

The decision to exercise the options will depend on what the buyer had paid in the first place and how the share price moved subsequently. Three-month options call premiums are normally around 7-10 per cent of the share price.

The reduced flexibility and the relative cost over traded options has not inhibited the use of traditional options by smaller private investors, however.

Although no record is kept of the volume of traditional options traded, Richard Rapazzini, option market-maker with jobber Wedd Durlacher, confirmed that after a quiet summer this sector "has been extraordinarily busy, in line with the strong market, with takeover activity providing the highlights." He also noted that the institutions were keen writers while many private clients bought traditional options.

With the activity dominated by call options, many private investors will have made handsome profits in this sector this year.

John H. Parry

FINANCE & THE FAMILY

All downhill now

Lucy Kellaway on the big Cable and Wireless sell-off.

A TELEVISION commercial at present being shown several times an evening in Britain starts: "As you probably know by now, the Government is offering the public its remaining shares in Cable and Wireless . . ."

In the name of wider share ownership, no effort bas been spared to interest the private investor in the second largest (after BT) equity issue ever made. This has been uphill work; Cable and Wireless is scarcely a household name and how it makes its money in the international telecommunications business is not easy to understand.

Despite this, the issue's sponsors—Kleinwort, Benson and J. Henry Schroder Wagg—say the respoose has been excellent. They are expecting a deluge of applications from private investors, who have between now and 10 am on December 11 to decide whether to apply.

Assuming these early signs are reliable, are prospective investors justified in their enthusiasm for this issue? The first thing to make quite clear is that Cable and Wireless is no British Telecom. The first chunk of C & W was sold in 1981, and the shares have been quoted for four years.

In order to cajole investors into accepting almost £1bn in additional Cable and Wireless paper, the new shares have been given some advantages over the old. First, they are priced at a 5 per cent discount to the closing market price last Monday. However, this in itself is not much of an enticement, and compares unfavourably with the discount offered on the recent sale of shares in Britoil, for example, which was about 10 per cent.

In fact, the true discount on Cable and Wireless was nearer 7½ per cent, taking into account that the new shares will not attract stamp duty and are partly paid (with 300p due on application and the balance in March next year), giving an implicit interest saving on the delayed payment of the second tranche.

In any event, it is now of limited interest that the new shares are at a 7½ per cent discount to a price existing at some point last week. What investors really want to know is how the 587p offer price will compare with the market price on the day dealings begin—a matter of guesswork.

However, whether the market price is at, above, or below 587p when dealings start on December 13 should matter only to the very short term investor. Although the partly-paid provision will have the effect of doubling any profits made if the shares are sold before the second payment is due, such profits cannot be expected to be in the same realm as those on British Telecom. The shares are being offered on a price/earnings multiple of 18, above the market average of 14, a rating that reflects fully the company's immediate prospects.

Cable and Wireless shares look more tempting to longer-term investors and, according to most City analysts, well justify their rating on a several-year view. Profits over the next five years are forecast to grow at an average rate of about 20 per cent, keeping up the pattern of impressive growth established since the company was made private. The £330m slice of the issue proceeds that goes straight to the company will both strengthen its balance sheet and give it the means to move into new businesses should opportunities present themselves.

Hopeful investors in Cable and Wireless should not be deterred by fears of a repeat performance of the recent Britoil issue, in which the allocation of shares was so paltry as to make it scarcely worth the trouble of applying. This time, there are more shares available to meet public demand, and a special provision has been made to claw back up to two-thirds of the shares placed with the institutions should the public issue prove overwhelmingly popular.

Hunting the stag

Richard Tomkins looks at the world after Laura Ashley.

THE FLOTATION of the Laura Ashley fashion and design group did more than bring windfall profits to those who bought at the offer price.

It also brought the spotlight to bear on the activities of the stags, and in particular on that variant of the species known as the multiple applicant.

Stags—loosely defined as people who buy shares in new issues with the aim of taking a quick profit when dealings begin—are no strangers to controversy: the arguments have raged back and forth for as long as new issues have existed.

Stags argue that they are a boon to the market because they buoy up new issues and create liquidity in the after-market. Their opponents retort that they are never there when they are needed and make it difficult to price an issue realistically.

Although the City is vexed by the activities of the stags, they are not universally unpopular. Stockbrokers and jobbers, for example, benefit from the hectic trading they cause when dealings in a new issue open. The multiple applicant, however, is a slightly different animal.

The distinction between the two emerges most clearly when a popular new issue is aimed at the small investor. The legitimate stag applies for a larger number of shares than he wants on the assumption that his application will be scaled down, whereas the multiple applicant judges that for a given sum of money he is likely to obtain more shares through submitting a large number of small applications than a single large one.

The multiple applicant is frowned on for three main reasons: the distorting effect on the allocation, the nuisance created by the large number of applications submitted and the need to vet them and the air of dubious ethics which surrounds his activities. He has been singled out for attack on two fronts.

The first of these, and the one in evidence during the Laura Ashley flotation, is through physically preventing him from achieving his aims. This may seem a cumbersome approach in an era of high technology, but it is probably the most effective one.

It is made possible because multiple applicants (like all experienced stags) leave the submission of their applications until the eleventh hour. They do this partly because they fear that market conditions might turn against an issue and partly to avoid tying up capital for longer than necessary.

This means that they have to join the throng of would-be investors outside the bank receiving the applications on the closing date and try to pass hundreds, even thousands, of forms among those submitted by normal investors.

Kleinwort ruthlessly enforced a one-application-per-person ruling by compelling applicants to queue in single file and hand their completed forms to its staff. Many professional stags are well known to experienced bankers: their piles of forms, together with other batches of applications, were vetted on the spot and many went straight on to the reject heap.

Further, Kleinwort staff attempted to seize wads of forms from people showing reluctance to hand over more than one application at a time. This reduced the number of people returning to the back of the queue for a second try.

Even these methods cannot be relied on to weed out all the multipl applications, however. Some professional stags submit applications in hundreds of different names using cheques drawn on a nameless account. One way of picking these up is to cross-reference the account numbers, but it is difficult to do this with evrey application in the limited time available.

Hence the need for the two-pronged attack being brought to bear in the Cable and Wireless flotation. In this case the physical method of preventing multiple applications will be used, but for those that do get through the initial screening there will also be the threat of legal action.

One difference between the Laura Ashley and Cable and Wireless flotations is that with Cable and Wireless there are political considerations. The Government's avowed intention to create a share-owning democracy is clearly hindered if its privatisation issues put large numbers of shares into the hands of stags, and from there into the hands of institutions topping up their holdings when dealings begin.

The Government had its first stab at the stags when British Telecom was floated last year. Many thousands of the 2.3m applications received were treated as suspect, and some multiple applicants were punished by having their cheques cashed and the money returned without interest at a later date.

About 10 large, organised groups were alleged to have been particularly blatant offenders and their cases are still before the Director of Public Prosecutions, but there has not yet been a decision to prosecute.

With Cable and Wireless the Government has greatly strengthened the wording on the application form to make it clear that anyone submitting more than one application is committing an offence and will face the possibility of prosecution. The Treasury is making it clear that the vetting procedures will be stringent and that it will not hesitate to use the law against those who break the rules.

All this is a long way from sounding the death knell for the stag, but it could emerge as a major step towards putting the multiple applicant in the category of an endangered species.

Armchair mortgages

New from the Pru

THE ARMCHAIR Mortgage is not another alternative to hire purchase or a personal loan for financing a new three piece suite. It is the name given by Prudential Assurance, Britain's largest life company, to its new house purchase package, recently launched.

The name spells out the theme of the scheme: for most people it will be possible to arrange a mortgage on their new or present home from the comfort of their own archair. All you need is a conveniently placed telephone and the number of your local Pru agent.

The Pru withdrew from the direct mortgage finance market many years ago. Since then, mortgage arrangements for Pru policyholders have been a matter of local negotiation between the Man from the Pru and his contacts with local building societies. The Pru itself, compared with some other life companies, got very little business direct from societies.

Companies not on the inner panel of building societies, which recommends low cost endowment policies are being forced to make their own mortgage facilities available if they want to ensure a steady stream of traditional life contracts. Several life companies have already taken this step, challenging the builring societies. Now the Pru has set up its own Prudential Home Loan Scheme, though Malcolmn Hughes, Pru's marketing manager, emphasises that it is complementary to the existing local arrangement.

How does the new scheme work?

First the Pru helps to find an institution that will lend he mortgage. In addition to any local arrangements, the Pru has central financing arrangements with Citibank Savings and other major financial institutions. A mortgage facility is virtually guaranteed providing the overall conditions are met. These conditions are:

- Mortgage up to 80 per cent of valuation—95 per cent with mortgage indemnity from the Pru;
- Limit of three times principal income, plus one secondary income, or 2.5 times combined income, whichever is the greater;
- Minimum loan of £15,0001.

Final acceptance rests with the lending institution, following he usual surveys.

Third, the service will provide assistance with the formalities, with help in contacting local solicitors and surveyors.

Fourth, the Pru provide guidance on the insurance of the buildings and contents, if necessary using Pru's own policies, and will advise on the types of mortgage available, and methods of repayment. These are:

- The traditional repayment method. This is the surprising feature of the scheme. All other life companies offering mortgage facilities insist, as a condition of the loan, that repayment is by an endowment or pension contract. The Pru agent will probably recommend using a life or pension policy, but the householder has the choice of the repayment method. The only condition is that the householder takes out suitable term cover from the Pru.
- Endowment mortgage using a Pru low cost contract. (The Pru is by no means top of the with-profits tables, but the return is good.)
- Pension mortgage: available to the self-employed using a with-profits pension contract.

The interest rate charged by the lending institution are competitive. For loans up to £50,000 the rate is 12.95 per cent; for loans over £50,000, it is £12.75 per cent. There is no differential for endowment or pension mortgages. This compares with the normal charge, by most big building societies, of 12.75 per cent for repayment; 13.25 per cent for endowment mortgages.

The Pru is launching its scheme in two stages. The first stage, started last month, made the scheme available in six of the 12 divisions which cover the country. These include the south east and south west of England, the north east, and the East Midlands. The Pru has kept the launch low key with advertising on TVS and local radio. The second stage of "going national" takes place in February. However, any application will be considered.

Eric Short

Unit trusts

Technology's slide continues

TRY WHAT they will, techoology unit trusts seem incapable of stemming their losses. After notching up some healthy gains in the early 1980s on the back of the boom in personal computers, these funds have fallen steadily for two years and now find themselves languishing at the foot of the performance tables.

Over the last 13 months only one technology trust has generated a profit for its unitholders, and even that—Baillie Gifford Technology—has fallen 18 per cent so far in 1985. Some have dropped almost 25 per cent since January, and that is at a time when the supposedly stodgy general and equity income funds have been racing ahead.

Scores of investors tempted in by the glamour of the high tech sector have opted to cut their losses and run. Nearly all these funds, after suffering a rash of redemptions in recent months, have been contracting; Allied Dunbar Technology, the biggest in the sector, has fallen from £49m to £33m this year.

Most—including Allied's—are now pricing their units on the minimum bid basis allowed by the Department of Trade. This outflow has compounded the problems faced by fund managers, who have been forced to sell holdings in difficult markets simply to pay for cashed-in units.

What has gone wrong? The US, where the trusts are principally invested, is the main culprit. A flood of new issues in summer 1983, many of dubious quality, coincided with a downturn in demand for personal computers.

With overcapacity in the industry, and tough competition from Japanese manufacturers, it took only a series of missed profit forecasts to spark a massive shakeout of the whole sector, which hit small companies and blue chips alike.

The slump in production spread to the semiconductor, telecommunications and other electronics areas as the US economy slowed last year and the strong dollar sucked in imports. Even the giant IBM reported lower year-on-year profits in the first nine months of 1985.

Several funds reacted by shifting money to Japan and the UK, only to be caught out by the knock-on effects of falling demand from the States, which accounts for 50 per cent of the world electronics market.

Japanese blue chip exporters, particularly semi-conductor stocks, are notable absentees from the recent bull market in Tokyo, which has been fuelled by domestic-oriented companies. British technology shares joined the retreat this summer, with falling computer orders and tougher defence contracting leading to poor results from majors such as Racal, Thorn EMI and SCT. The FTA electronics index has plummeted nearly 30 per cent in a year.

Any funds making the trip back across the Atlantic were promptly clobbered by the fall in the dollar, which though helpful to high-tech exporters in the US (and those vulnerable to import penetration), further whittled away the returns for sterling investors. Few unit trusts have seen more than 60 per cent of their total funds hedged against currency losses this year.

Fund managers have been hard pressed to know which way to turn. "There really has been nowhere to hide," commented one. All but the sleepiest (or most optimistic), though, have taken steps to limit the damage.

Several have raised their liquidity to 10 per cent to 15 per cent (Barclays Universal Technology, for one, reached 18 per cent at one point this year) bother to preserve earnings and meet redemptions. But, in common with other specialist trusts, technology funds — and more especially their trustees — are averse to holding too much in cash.

"People know these are high risk trusts and want to be fully invested," says David Berry, manager of the £5m Barclays fund. "They can make their own liquidity decisions."

Most have played safe by moving from small growth stocks and mainstream producers of semi-conductors and computers to more defensive technology-related companies.

Lloyds Bank's International Technology trust, for instance, now carries large holdings in European telephone utilities, Daimler Benz, AEG, and various "recession-resistant" aerospace and defence stocks; the American side has "unexciting but dependable" shares such as Westinghouse and General Electric. "We are using the definition of the fund more loosely than ever before," admits manager Peter Ingrey.

Henderson Global Technology, similarly, has plumped for low-risk companies, with relatively undemanding PE ratios. Examples are BT, Lockheed and IBM. A few funds have even bought convertibles, whose high yields limit the downside risk and boost income.

Barclays, for instance, has 5 per cent of its portfolio in convertibles. Europe has been a refuge for several funds concerned about currency fluctuations and possible protectionist moves by the US while eager to participate in buoyant Continental stockmarkets. The Lloyds trust is now 30 per cent in Europe, up from nil 18 months ago. Barclays has 10 per cent on the Continent, largely in high-tech "proxies" such as Siemens and Ciba Geigy.

Hedging, as always, has helped some more than others. Henderson's fund, for instance, is 10 per cent ahead of Allied's this year, largely because it hedged 60 per cent of its US portfolio in March, soon after the dollar peaked, while Allied has only been protected for three months.

Baillie Gifford Technology, launched only a year ago and too small to consider hedging, shot up in its first few months on the back of the dollar and a rally in US smaller companies.

But since March, these factors have turned against the fund, and the US content has been cut back from nearly 100 per cent to a third; reinvestment has been in the UK and—unusually—Australia.

Fund managers are cautiously optimistic about the prospects for technology stocks in the medium term. They agree that with ratings now down, in many cases, to near the market average the worst is over. They take heart from the deflated dollar and expected renewal of economic growth in the US, and are looking for a pickup in electrical orders soon, to refill inventories that have been pared to the bone.

Encouragingly, the Hambrecht and Quist Technology Growth Index has risen 12 per cent since October—but it has a long way to go to make up for its 50 per cent fall since June 1983.

No one, indeed, is predicting a 1982-83 style boom. Most fund managers expect periodic upsets in the medium term.

"There are still problems of overcapacity in some areas," says Prolific's Alan Torry.

Technology punters brave enough to take the risks must really be betting on the long-term prospects of these trusts.

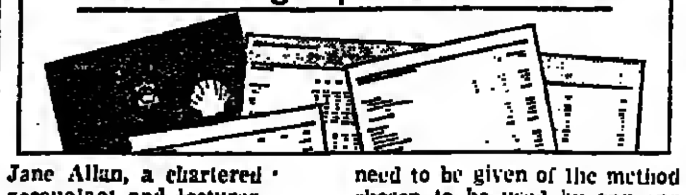
Martin Winn

TECHNOLOGY UNIT TRUSTS

	Result of £1,000 betd for: 7 yrs. £	5 yrs. £	3 yrs. £	1 yr. £	Since Jan 1 £
INTERNATIONAL					
Allied Dunbar Tech.	2,392	1,714	1,183	827	806
Barclays Unicorn Univ. Tech.	—	—	—	787	798
Britannia World Tech.	—	—	1,150	774	797
Brown Shipley Tech.	2,015	1,530	1,269	698	692
Baillie Gifford Tech.	—	—	—	1,489	838
Henderson Global Tech.	—	—	1,588	1,915	904
KB Worldwide Tech.	—	—	—	726	775
Lloyds Bank Int. Tech.	—	2,199	1,453	863	852
Prolific Technology	—	—	1,413	757	745
S. and P. New Technology	—	—	1,391	763	761
TR Global Tech.	—	—	—	1,111	974
Wardley Technology	2,100	1,785	1,577	806	795
NORTH AMERICA					
Aitken Hume Amer. Tech.	—	1,510	930	749	707
GT Tech. and Growth	—	—	960	748	807
Target Technology	—	—	—	793	813
JAPAN					
Aitken Hume Jap. Tech.	—	—	—	829	834
Hill Samuel Jap. Tech.	—	—	—	849	849

Figures to November 1. Offer to bid, net income reinvested.
Source: Money Management.

Understanding Reports and Accounts



Jane Allan, a chartered accountant and lecturer, continues her series of reading annual company reports, explaining the role of the accountant and the methods used to present accounts.

ACCOUNTANTS, PREPARING and auditing company accounts, are governed by accounting conventions, together with statements of standard accounting practice. Each set of accounts has its own set of accounting policies which define how the statements of standard accounting practice have been applied. They cover the grey areas of accounting.

Conventions are a different matter altogether. These are the accountants' version of the medical profession's Hippocratic oath. They encompass the rules of thinking under which an accountant operates. There are four of them.

- Going Concern concept
- Matching concept
- Consistency concept
- Prudence concept.

Under the Going Concern concept an accountant assumes that the business that is operating today will continue to operate far into the unforeseeable future. Using that assumption makes it possible to make monetary judgments that do not take into account the possibility of all debts suddenly falling due.

The Matching concept simply means that all the expenses which relate to any one year must be brought into that year, even if the bills have not yet been received. This is the reason why accounts contain accruals and prepayments.

The concept of Consistency makes it easier to compare one year of a business with another. If the accounting system changed every year, the figures would never be comparable, and investors would not be able to make judgments about a company's performance.

The final concept, Prudence, is the overriding one: the one that gives accountants the reputation for being very cautious. They are trained to assume the worst; if there is any doubt about the profit, a loss is assumed. If this is followed the company will continue to be a going concern and will not make some of the mistakes arising from spending money that is not there.

Many areas of accounting behaviour, particularly those detailed in statements of standard accounting practice, offer alternative treatments of the same problem. Thus to understand the accounts clearly, details need to be given of the method chosen to be used by any one company. Accounting policies will usually describe the company's particular method of accounting for (among other things):

- depreciation
- stock valuation
- research and development
- government grants
- taxation
- pensions funding
- foreign currencies

It is interesting to read the accounting policies, because many of the elements they cover can have a direct effect on the profit levels of the organisation. Depreciation, for example, is a charge against profit which recognises that the assets of a company do not last forever. If too much depreciation is taken out of the profit then the accounts will show a lower profit figure; if too little is taken out, they will show too much profit, which may mean that insufficient money is put to one side to replace the assets when they finally cease to work altogether.

Stock can be valued in many ways; but if it is valued at a figure higher than it can be sold for, that is the equivalent of taking next year's profit into this year's accounts. Research and development could be regarded as an asset, and in many instances it is just that; but sometimes it is merely another expense that should be written off against profit. If there are no plans to write it off against profit, the profit may be overstated in the year in question and hence create losses in the future.

Taxation is a particular problem which will always be mentioned in the accounting policies. In the UK the taxation system is such that accounts always have to be adjusted before presenting them to the Inland Revenue. This effectively means that two sets of accounts are prepared, the published set, and the alternative set that are sent to the tax authorities. Tax is always based on the alternative set, but published as relating to the true set of accounts. This explains apparent anomalies in tax charges, but it can also lead to the situation where the tax accounts show less profit than the published accounts, thus leading to a lower tax charge in year one, which may in its turn be reversed in year two. To take account of this, accountants apply deferred tax calculations to recognise the fact that the tax will eventually be due.

Bonus share dividends

Incentive is a taxing question

David Cohen looks at the tax implications of *taking the stock dividend* option

MORE AND more public companies are giving their shareholders the chance to take dividends in honus shares rather than cash. Although investors who opt for shares certainly are doing their company a favour, whether they benefit from such a choice is a more open question that probably will depend upon their own particular tax circumstances.

The practice of giving shareholders a "stock dividend option" caught on like wildfire late in the 1960s and early 1970s when dividend income was taxable at rates of up to 98 per cent. The great attraction of stock dividends was that they were tax-free on receipt and subject only to capital gains tax on disposal.

The loophole was blocked in 1975 when stock dividends were made liable to the higher rates of income tax.

The tax charge usually is based on the amount of the cash dividend foregone. However, where the market value of the shares is "substantially" higher or lower than that, market value will be used instead. There is no statutory definition of "substantially" but the Revenue interprets it as meaning about 15 per cent either way.

The taxing method is rather complex and can be understood only in the context of the tax treatment of cash dividends. When a company declares a cash dividend, it has to pay advance corporation tax (ACT). The present rate is 3/7ths of the amount of the dividend. The shareholder pays income tax on the combined total of the dividend and the ACT, but gets a tax credit equal to the amount of ACT paid.

For example, consider a 50 per cent taxpayer who receives a dividend of £70. The company will be required to pay ACT of £30 and the shareholder will be taxed on £100. The taxpayer's basic rate liability will be wiped out by the £30 tax credit, leaving him a tax bill for the higher rates of £20.

Suppose instead that the shareholder is given £70 worth of shares. The ACT rules apply only to cash dividends, not to shares. However, the stock dividend legislation provides that the value received is to be grossed-up at the basic rate of tax, producing just the same effect as does ACT on cash dividends. The recipient of the shares is, therefore, taxed on £100 of income. There is no ACT-linked credit; instead, the legislation gives a specific dispensation from basic rate tax.

So, the net outcome for the 50 per cent taxpayer will be exactly the same as if he had taken the money—a tax liability of £20 on a benefit of £70.

Although it makes no difference for the shareholder, the absence of ACT will be an important plus for the company. ACT can be offset against corporation tax payable later in the year but, nevertheless, the company's cash flow will be helped by not having to pay out in advance (anyway, companies do not always have sufficiently large tax bills to fully absorb their ACT). Moreover, on straightforward commercial grounds almost any company would prefer to issue more of its own paper than have to part with hard cash.

But if the attractions for companies are clearcut, it is more difficult, under the post-1975 tax regime, to see the incentive for investors to plump for stock. The only really tangible advantage is that a stock dividend will be a cheaper way of acquiring shares than buying them on the market. By taking a stock dividend, you avoid brokers' commission of almost 2 per cent (including VAT) and stamp duty of 1 per cent. Furthermore, your entry price probably will be the middle quotation for the stock rather than the higher "offer" price paid on a market purchase.

For non-taxpayers, however, these marginal savings are outweighed by a serious fiscal drawback. A stock dividend means no ACT and, therefore, no tax credit. This makes no difference to those on basic rate tax or higher: the exemption from basic rate tax on stock dividends has exactly the same effect as the tax credit. But, for a non-taxpayer, the exemption from basic tax rate is irrelevant.

For the £70 dividend, a non-taxpayer who was paid cash would not only be exempt from tax but also would be entitled to claim a £30 rebate from the Revenue. If he elected for a stock dividend, he would pay no tax but could claim no repayment. This applies to anyone who is outside the income tax net, which means not just low income individuals but also tax-exempt institutions such as pension funds or charities.

For those who do take the stock dividend route, the taxman might take a further bite when the shares ultimately are sold. For capital gains purposes, the shareholder is treated as having bought the share for their original value at the date when he acquired them. That figure, index linked, will be deducted from the sale proceeds to arrive at the capital gain.

Suppose that the shareholder who is given £70 worth of shares sold them two years later for £120, and that inflation during the period was 10 per cent. His CGT base cost is £77, and, therefore, his chargeable gain is £43—on which CGT at 30 per cent will be £12.90 if he has already used up his annual exemption.

David H. Cohen is a Partner in Nicholson, Graham and Jones, Solicitors.

Briefcase

Loss of indexation relief

I own a freehold house bought for investment, not for personal occupation, in *1938* for a few hundred pounds, and *I am contemplating selling*. A large capital gain is certain to arise.

CGT seems best calculated on a time apportionment basis (20 years to 1965, 20 years plus since) so that a little over half of the gain will be assessed, less indexation and exemption.

For indexation purposes, can I utilise a March 1982 valuation (obviously preferable) or do I have to apply indexation to the original cost?

Yes, to the first alternative. Unfortunately, nearly half the indexation relief will be lost in the time-apportionment.

Right of way to telephone wires

I own a two-storey small terrace house in London, the front garden is about 18 ft by 8 ft. During the past two years, five telephone wires have been slung across my small garden to serve neighbours. (I have no telephone myself) and they are just above top window height. At no time was permission asked. What is the legal position? Can I insist on their removal or even remove them myself?

The Post Office and, subsequently, British Telecommunications, have, by statute, a right to place telephone wires over your property. You cannot insist on removal, but you can require a nominal wayleave payment.

Start with the neighbours

To save me having to write to you at a later date in a more serious vein, could you please let me know what action I need to take to start a residents' association. At present there are six properties within the "mews" and nobody is appreciative of possible liabilities over private roads, trees, etc.

You must canvass the neighbours to see if a sufficient number express an interest. If so, you can form an unincorporated association (like a club) in the first instance; but it may become desirable in due course to form a limited company to run any common undertakings which the association wants to operate on a communal footing. If so it would be wise to consult a solicitor.

In search of a certificate

On October 12 you say that the shareholder should not feel obliged to go along with the common practice of paying for a banker's indemnity before a duplicate share certificate can be issued — and suggest that your enquirer should "require the dealers" to procure a certificate. But with new issues, such as last year's by BP, there is no dealer and although hundreds of thousands of share certificates were issued it cannot be surprising that a few failed to turn up. BP staunchly refuse to issue a certificate unless I go to the cost of indemnity. This I have refused to do and therefore have no certificate.

Your position is the same, but without the intervention of a dealer. Your proper course is to require the company to fulfil its obligation to deliver a certificate to you. If they accept that you have become a member they have an obligation to deliver a certificate, and there is no reason why you should offer an indemnity, when you do not even know if they ever sent you a certificate, and you do know that one was delivered. Your ultimate sanction is to obtain an order of the court, and the companies which seek indemnities in these circumstances rely on the fact that members are likely to take the easier way out.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

When a friend is a tenant

Is it easier to remove a tenant from a house if he is paying no rent?

At the moment a friend is occupying a house at chicken-feed rent. We do not intend to sell for some 10 years. If "friendly" circumstances should change—would it have been better if we had not been charging him rent at all.

Yes, to both questions. So long as no rent is payable under the tenancy agreement the tenancy would not be subject to the provisions of the Rent Act 1977.

Early retirement

My wife and I own and run four houses as a furnished letting business. Three of the houses are adjacent and we live on the premises. It is a *full-time* working occupation. We even do plumbing, electrical, decoration and building repairs.

For 17 years the Inspector of Taxes has accepted assessment based on Case I, Schedule D. Now he wishes to assess on Case VI Schedule D. As we do *not want a long* haggle, we would agree to this change (however illogical) if "time proportion" of gain to 1984 is subject to retirement relief. This he refused.

Is an appeal likely to succeed?

If not is he right to refuse retirement relief?

Would there be advantage in converting the business into a *"self employed pension scheme"* —if yes, would the properties be treated as disposal for CGT and how should the scheme be set up?

Unfortunately, the answer to your first and third questions is no, and the answer to the second question is yes.

Your only slight compensation is that, since a Case I assessment would be on the preceding-year basis whereas the Case VI assessment must be made on the current-year basis, a year's profit will escape taxation—and we hope that that year's profit was greater than the second (or third) year's profit, which was taxed twice under the case I rules.

Passing the dividends

My brother and I are *trustees* for a small family trust, all income from which goes to my mother. The shares held by the trust are registered jointly in the names of myself and my brother. We have attempted to have the dividends paid directly into my mother's bank account but it seems to be impossible to have mandate executed for payment into an account other than those of the registered holders.

Is there any way round this problem or do we have to open a joint bank account to receive the dividends?

Technically you are bound to carry on as hitherto. There is however no reason why you should not open a separate bank account with a minimal float of, say, £5 and direct all monies in excess of the £5 to be transferred to your mother's account, thus effectively passing the dividens across as they come in.

BRIDGE

THE RETURN match between the Houses of Parliament and the US Congress was a most enjoyable event. There were eight players in each team; the match was contested over 32 boards on Chicago lines.

The British took an early lead, then the Americans fought back strongly. But they fell away in the last eight boards, and the result was victory for the home team by over 2,000 points.

This was an interesting hand:

N
♠ 4 3 2
♡ K 2
◇ K 10 8
♣ A 7 4 3 2

W
♠ K Q 10
♡ Q J 8
◇ Q 7 6 2
♣ 9 8 6

E
♠ J 9 8 5
♡ 4 3
◇ J 5 3
♣ K Q J 5

S
♠ A 7 6
♡ A 10 9 7 6 5
◇ A 9 4
♣ 10

North dealt at a love score, and after two passes South bid one heart. North replied with two clubs, and raised the opener's rebid of two hearts to three. Thus encouraged, South went four hearts, and West led the King of spades. At the table where I was officiating South won the first trick, drew two rounds of trumps, and finished up with only nine tricks.

The right line is to duck the spade King, and if the Queen follows, to duck that card as well. Winning the third spade, the declarer cashes dummy's Ace of clubs, and ruffs a club, crosses to the heart King, ruffs another club, cashes the Ace of hearts, and throws West in with a third trump. West is now end-played, and is forced to lead a diamond, which enables the declarer to lose no trick in the suit.

If West switches to the heart Queen at trick two, the declarer must be careful to win in hand with his Ace, not with dummy's King. Otherwise he will not be able to complete the elimination. After the club plays he exits with Ace and another spade.

The very next hand, dealt by East with East-West vulnerable, also required carefully timed dummy play:

N
♠ A J 8 7
♡ A Q
◇ K J 9 6 5 4
♣ 6

W
♠ 10 9 5
♡ K J 6 3 2
◇ 7
♣ A Q 10 4

E
♠ 4 3
♡ 5
◇ Q 10 8 3 2
♣ J 9 7 5 2

S
♠ K Q 6 2
♡ 10 9 8 7 4
◇ A
♣ K 8 3

West opened the bidding third in hand with one heart, North overcalled with two diamonds, South said two spades, and North raised to four spades, which became the final contract. West led the diamond seven, which was won by the Ace. How should South play?

At my table the declarer drew three rounds of trumps, which was surely a mistake, and once again finished up one trick short of contract.

I would suggest that at trick two the heart Queen should be finessed, and then two trumps drawn with Ace and Knave. Now the heart Ace is cashed, followed by the diamond King, on which a club is discarded. It does not help West to ruff, so he, too, throws a low club. Now South crosses to his spade Queen, and returns the ten of hearts. West covers with the Knave, and is allowed to hold the trick. West has no good return—a club sets up the declarer's King, and a heart (either King or six) loses the rest of the suit.

After the match was over we enjoyed a trip up the Thames on the Elizabethan, with an excellent dinner.

Over £1,100 was collected for the Children in Need fund.

E. P. C. Cotter

Archaeology

Testament of conquest

THE TELLS — or ancient city-mounds — of the Near East are evocative relics of the past. They hold the history upon century of settlements, destructions by war or earthquake, abandonments, and many different peoples (Arabs, Romans, Greeks and the predecessors). They belong to the part of the world for which we have written records over a very long time.

The imagery of the Bible gives a vivid view of daily life: the rhythms of farming; the despair of being like a broken potsherd, the danger of falling among thieves, the threat of terrorists; the joy of the land flowing with milk and honey. The Bible is also rich in history: we can compare what is recorded with Egyptian and Syrian and Mesopotamian texts. A new tell, teld of in the ancient texts, is being dug now at Pella, on the east side of the river Jordan.

Much of the Bible's history is war and conquest—obtaining the land, then justifying one's claim to it. But there was considerable trade, often in the form of ceremonial exchange of precious and prestigious gifts, or of the craftsmen who made them.

One swap, between the pharaoh and the prince of Gezer Palestine, was an exchange of Egyptian silver and gold, clothes, and precious stones, for fine, unblemished concubines. The directions detailing this are on a clay tablet that was part of the diplomatic archive of Amarna, Egypt, in the 14th century BC (a few years before Tutankhamun).

Archaeologists of the region have the quest of relating evidence of destructions to known campaigns, such as those in Palestine of the pharaoh Thothmoses III in the 15th century BC, or Nebuchadnezzar of Babylon in the 6th century BC.

Pella in Jordan is an ancient city, with a tell up to 31m high. It suffered from bombs in 1969. The villagers left for a time — a repeated occurrence in the region. Wooster College of Ohio began work there in 1967, and stopped after one season.

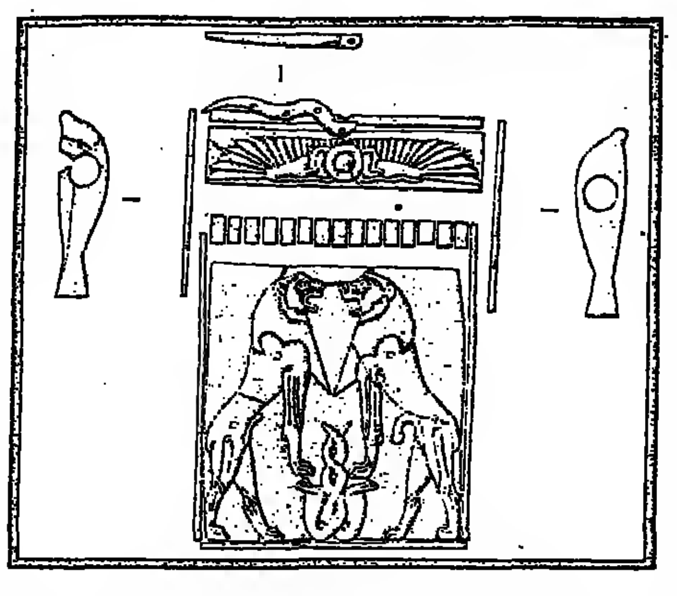
Work started again only in 1979 only; a joint mission with the University of Sydney. The Australian half of the project is funded by Sydney, the Australian Research Grants scheme, and the Australian National Gallery in Canberra, where some of the finds will go. It is being directed by Professor Basil Hennessy, Dr Anthony McNicoll, and Mr Timothy Potts. The new season is just about to begin.

Pella's position explains why it got caught in the wars. It lies above the east bank of the river Jordan, to the north of the Dead Sea and the Allenby Bridge. There is a spring, but the country above is semi-arid. It is on two major routes. One goes north from Arabia to Damascus along the edge of the Transjordanian plateau. The other crosses the river and goes west, through the plain of Esdraelon, to the Mediterranean cost.

After the conquest of Alexander the Great—Syria was pivotal for communications in his campaign against Darius of Persia —it was settled, it seems, by some of his Macedonian veterans. They Hellenised the name to make it that of the Macedonian capital.

Antiochus the Great conquered Pella in 218 BC. He also dealt with a large Arab force at Amman, waiting to raid the territory he had just taken. In 63 BC Pompey marched past, going from Damascus to Jerusalem. He included the city in the Roman province of Syria.

Pella became part of a group of cities called the Decapolis, known in the New Testament. They included Philadelphia (Amman) and Gerasa (Jerash). The Jews sacked it in 66 AD, in the revolt against the Romans, and after the Christians of Jerusalem fled there, thinking probably that the Jewish Revolt and the impending sack of Jerusalem marked Judgement Day. They returned to Jerusalem sometime before 130 AD.



Ivory box lid: a find from Pella, Jordan

Pella was a flourishing Byzantine city. With the Muslim conquest in 635 AD, and the Umayyad rule (660-750 AD) it seems to have declined judging by the decay of the public buildings, especially the churches—and would have been a strong contrast to the West Bank, where there is an elegant Umayyad palace at Khirbet Mafjar, near Jericho.

But these are all recent events for a place with remains dating back to the Old Stone Age. In the Middle Bronze Age (the first half of the 2nd millennium BC) it had a town wall. This evidence of defence fits neatly with an Egyptian text, of around 1800 BC, cursing the prince of Pella, meaning that he was an enemy. The Egyptians had constant problems in maintaining rest (or nominal) suzerainty over Palestine; these curses helped.

In the 15th century Pella was among the conquests of the pharaoh Thothmoses III; he said so on the walls of the temple of Amun at Karnak. A century later the Amarna diplomatic archive shows that Pella was a vassal city. Later still, it supplied wood to Egypt.

What came back from Egypt? Certainly the flavour of civilisation and a sharing in the international culture and trade of the Levant. Pella and Amman are among the most easterly places to have received imported Mycenaean pottery from Greece; found at Pella in tombs, at Amman in a temple on the site of the present airport.

Cypriot pottery came too, from around 1600 BC. There is some in a tomb newly excavated at Pella; about 2,000 artefacts, including a rich collection of the local chocolate-on-white pottery.

An exciting recent find at Pella, of around the time of Thothmoses III's march through Palestine, or a little earlier, is some remains of two ivory boxes and two clay tablets written in cuneiform, found together in a pit. It is always good to find tablets: they show, or confirm, that the place was literate, and therefore important. (What they actually say is often obscured.)

It is an early date for ivories: better known from the 14th century BC, as in the tomb of Tutankhamun; or in Athens, where an ivory cylindrical box has a tin lining, making it the first tin can. The Pella ivories are inlays for the boxes, which would have been made of cedar wood or juniper wood. Ebony would have been used in gaps in the ivory, and a gold-capped bronze stud found in the pit was one of many pegs used to hold all the sections and pieces together.

One of the boxes was shaped like a shrine, the lid forming the roof, with an off-centre ridge. On one slope of the lid the ivory formed an inlaid design of facing lions and intertwined uraei (sacred snakes, the emblems of supreme royal or divine power). The steeper slope showed a winged disc and a snake. On the sides of the lid are inlaid ivory eyes.

The theme is a blend of Egyptian (snakes and winged disc) and Western Asiatic (lions). Confronting animals, with a symbol between them such as a tree of life, are common in Mesopotamia. The image went west to Syria and the Aegean; the best example is the tympanum of the Lion Gate at Mycenae, forming there an altar between the beasts.

So the box was probably not made in Egypt, but more locally — perhaps even in the Jordan valley — where Egyptian ideas and luxuries were appreciated. Indeed, the ivory may not be African but local; in northern Syria there were elephants till at least the 9th century BC.

The scrupulous use of the ivory in the panels of the box may be another sign that this is not a product of metropolitan extravagance. It is cut carefully, to fill voids in the panels, but to overlap as little as possible with the figures. So they do not have a backing: the amount of ivory used to make the background in the large panel is only two-thirds of what it appears to be.

Gerald Cadogan

Collecting

A page from the German toy catalogue (c. 1805).

Bound to please

THE TOY trade is at its pre-Christmas peak just now. In February, with the Christmas and New Year rush behind them, toy merchants of the world will be flocking to the Nuremburg toy fair in West Germany to sell or seek next year's novelties. It is a cycle that has been repeated hundreds of times; for more than centuries, Nuremberg has been the focus of the toy trade.

The city first became a centre because of the proximity of the Thuringian and Alpine forests. While the men of the mountain villages turned the long winters to profit by carving images for churches, the women and children made toys from the smaller offcuts of timber. With the spring thaws they would carry their work into the city, where the white-wood toys were decorated by the painters' guild. Within the city, the ironworkers and pewterers also entered into the toy business. With the industrial revolution, Nuremberg became a world centre of the toy industry, in which Germany's lead was to be virtually unchallenged up to the Second World War.

A vivid glimpse of the German toy trade 180 years ago is provided by a rare catalogue that is one of the star lots in Sotheby's sale of illustrated books and juvenilia on Monday and Tuesday of next week. The catalogue was issued around the turn of the 19th century by a merchant called G. H. Bestelmeier, and is described (in German) on the title page as a "repository of assorted artistic and other useful items, for the instruction and enjoyment of Youth, and for Amateurs of the Arts and Sciences."

The 54 plates, engraved minutely and hand-coloured, illustrate a stock of no less than 1,350 items ranging from toy soldiers to umbrellas and elaborate lustre chandeliers. The majority of the goods are toys, and the principal surprise for English collectors is their elaboration and variety. To judge from the evidence of English playthings given us by books, paintings and actual toys surviving from the period, the British child was far behind his Continental cousins in the sophistication of nursery paraphernalia.

Or, at least, behind the more privileged of Continental children. The second surprise of the catalogue is how costly was much of the huge stock on offer. The assumption is that Germany and its immediate neighbours afforded a very sizeable market drawn from the aristocratic and bourgeois well-to-do. Some of the toys speak clearly of grand houses and big nurseries: among the more elaborate is an entire practicable theatre, complete with two scenes, large enough to accommodate child actors "from seven to 14 years of age."

Again, the male infant is given clear preference. There are dolls houses, model kitchens, and cut-out dressing dolls for the girls; but they are far outnumbered by the farms, forts, guns, soldiers, carts, carriages, horses, fire engines, bows and arrows, conjuring tricks and scientific devices aimed obviously at boys of various ages.

The element of scientific instruction is strong. One of the most elaborate and expensive items on offer is a conjuring outfit in which all the tricks work by electricity or magnetism. The studious relationship of boy to toy cannot have been so very different from today's young computer enthusiast. Another compendious outfit, including microscope and magic lantern, is intended to demonstrate the principles of "optics, catoptics and dioptics." Optical toys of all sorts were in vogue; and camera obscuras, peepshows and shadow theatres appear in profusion.

Most tantalising to modern collectors is the variety and elaboration of automata, worked by clockwork or sand-wheel. They include a chess player, a conjuror, a tightrope walker, a wine waiter, a talking lady, and a magic lantern show in which the pictures apparently changed automatically. Treasures like these could command a fortune in the saleroom today.

There are models in profusion — houses, gardens, stables, farms, hunts, villages, Noah's ark and the city of Nuremberg itself. Many of the spry little carriages (marked in the catalogue "Selbst-laufend," or self-running) are operated by clockwork, as is a comically realistic dog. Children were kept abreast of the latest technology: a paper Montgolfier balloon appears to have been intended for actual flight.

Some toys seem surprisingly modern: boys could alarm their elders, for instance, with a trick dagger that appeared to go right through the hand. It is nice to discover potentially messy toys, too: a whole page is devoted to hydraulic ones with real cascades and fountains worked by pump or syphon.

This small book (bound appropriately in the varnished paper that was still used within living memory for toy-packaging) is a veritable museum or microcosm of toys, evoking vividly the absorbing joys of childhood as granted to the privileged youth of the Napoleonic age. Unique in the salerooms, it is anybody's guess what price the catalogue will realise. Sotheby's estimates it at £5,000-£7,500; but a somewhat more spectacular Nuremberg toy catalogue, or *Musterbuch*, dating from the latter half of the 19th century, sold in February 1984 for £16,000—five times its estimate.

Janet Marsh

Children's publishing

Swashbuckling knight

ONCE UPON a time, not so very long ago, there was a tranquil land peopled by meek, sleepy-headed folk who quietly went about their business producing work that was neither very good nor very bad. But one day a noisy, swashbuckling knight rode into town on his frisky steed and from then on nothing in that land was ever the same again.

At least that is the way Sebastian Walker of Walker Books likes to see his arrival in children's publishing. But ask anyone else in that increasingly competitive world and they might suggest a broomstick as a more appropriate mode of transport. For Sebastian Walker is not out to make friends: money, yes, friends no. "The traditional publisher of children's books is in any business sense an amateur and I resent amateurs," he says.

With a rise in turnover from £400,000 to £5m in five years, Walker has, on his own terms, become a professional in a UK market worth £87m annually (1983 figures, source: Business Monitor). After several "false starts" as a sales rep at Jonathan Cape and Chatto he worked at Marshall Cavendish for two years, starting its children's book imprint, before rejoining Chatto as a director.

In 1980 he borrowed £20,000 and set up Walker Books in the back bedroom of his Islington home in London. He persuaded Helen Oxenbury, winner of two Kate Greenaway Awards for children's illustration, to produce the company's first title, a novelty book called *Heads, Arms and Legs*. He was so excited by her acceptance of his offer that, driving away from their meeting, he backed his car into a lamp post. "I never had the bump removed. It was my lucky bump."

The company now employs 35 people, retains a dozen full-time designers and is based near Euston Station. Like Doctor Who's Tardis, the office is rather seedy and unprepossessing on the outside but inside it is light, airy and spacious.

Vitality and spontaneity are valued by Sebastian Walker. But he believes there is a more serious side to children's books. "There's an ethical thing to selling children's books. We're marketing literacy."

Most children's book publishers believe the creative is incompatible with the commercial, he says. "Some people seem to think if it sells well, it's not very good." His books certainly sell: the company's 54 titles for the Sainsbury's supermarket chain are set to sell 3m by the end of the year: a considerable achievement in a market where 30,000 can represent a good sale and 15,000 generally a minimum print run. As for quality, Walker blows his own trumpet with the confidence of Herb Alpert: "Frankly, our books are fabulously produced and less expensive."

The value of his books is undeniable. Their hardbacks are often £1 cheaper than books of a comparative size produced by rival publishers and their Sainsbury's range offers board books and hardbacks from 75p to £1.25, cheaper than equivalent paperbacks. These prices are achieved by mass marketing standardised formats and book series, and by pre-selling and publishing simultaneous co-editions for foreign sales. Walker Books are published in 18 countries and are particularly successful in the US.

Large royalties for book series have attracted some of the best illustrators in children's publishing including Shirley Hughes, Colin McNaughton, Nicola Bayley and John Burningham. This has led to accusations of poaching, which Walker does not deny but offsets with claims that over half the books on his 130-strong annual book-list are first books.

Caroline Roberts, children's books editor at Hutchinson, doesn't share Walker Books' high opinion of its products—"they're bland"—and dismisses the company's high opinion of itself—"they're arrogant." She says: "I don't feel their books are particularly exciting. Nicely drawn but not particularly original in any way."

Sebastian Walker with Walker Books characters So-and-so and So-slowly: an epithet which could never apply to Mr Walker

Martin West, children's publisher at Blackie, objects to Walker Books' view of children's books as the Cinderella of publishing houses. "This is less and less true," he says. In many companies, including his own, children's books represent about a third of the group turnover. As to the stuffy, time-serving qualities attributed to the children's book world, West's one-word riposte was far from stuffy. But he welcomes the high-profile nature of Walker Books: "It's jolly good news that they're giving publicity to children's books."

Some publishers welcome Sebastian Walker's move to a mass market at Sainsbury's and say it has stimulated an interest in "own brand" titles for store chains. Publishers such as Hodder and Stoughton and Purnell have been quietly supplying own brand books to W. H. Smith, British Home Stores and Boots for up to five years. Marks and Spencer has also been an outlet for own brand children's books for several years. Perhaps children's book world is more dynamic than Walker Books would have us believe.

But attempts to reach one large publisher for comments on two consecutive midweek afternoons produced the respective responses: "No, you can't talk to anyone. They're setting up a party for tonight," and "No, you can't talk to anyone, they're at a reception and if they're not there they're doing the washing up." Sebastian Walker's comments about professionalism took on a new significance.

Annalena McAfee

• DIVERSIONS •

Roots of prescription

TO ENTER Baldwin's Herb Shop in south London is to walk back into the past century—there are herbs in gold-lettered jars, some 2 ft to 3 ft high, and in dozens of labelled wooden drawers.

Framed advertisements from the past are on the walls, one recommending "Baldwin's Small Herb Pills for Sick Headaches, Pain in the Back, Pimples, Dizziness, Swimming Pain in the Head."

When Baldwin's was established in 1844, practically every large house had a medical herb garden. The healing effects of the roots, stems, leaves, and seeds of certain plants had been known and used for thousands of years. But as new wonder drugs such as cortisone, anti-depressants and tranquillisers, swept through the health market, the use of herbs was relegated to folklore.

However, with the surge of

ALTERNATIVE HEALTH

interest in alternative medicine, people are turning to herbs again. Some 400 to 500 people a day either visit or write to Baldwin's alone for herbal remedies.

Most of Baldwin's customers, surprisingly, know exactly what herbal remedy they want for ailments ranging from insomnia through to rheumatism: but although the remedy might cure them, they cannot be examined over the counter, and many who find that their symptoms persist decide to consult a medical herbalist.

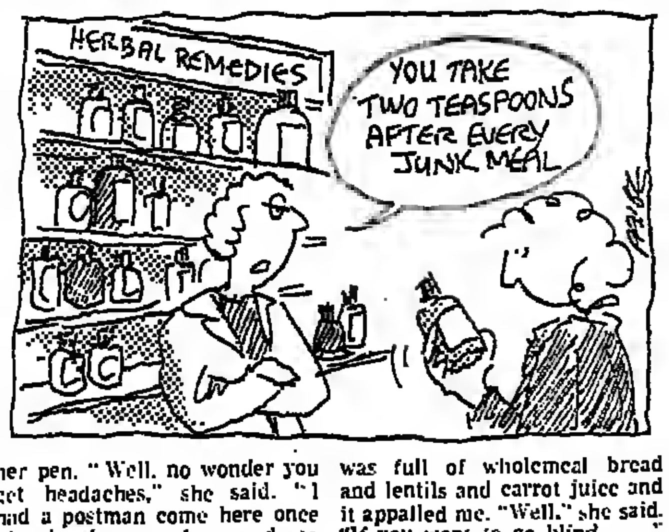
The Medicines Act 1968 made it legal for trained herbal practitioners to prescribe herbal remedies, including those not on sale to the public, as long as they had actually examined their patients.

As well as examining a patient, medical herbalists also want to discuss diet, exercise and life-style. They treat the whole person, not just the disease. So, as well as assessing the illness complained of, they evaluate and try to correct the overall balance of the body's systems—the nervous system, the digestive system, the cardiovascular system, and so on.

I consulted a medical herbalist, about a long list of complaints, headed by headaches indigestion and deteriorating eyesight. On hearing that I was on a prescribed drug, she checked the dosage, found it to be nearly maximum and told me where I could have a reasonably inexpensive test, should I wish to re-check that the dosage and drug were both essential.

She then looked at my eyes, took my blood pressure ("Yes, rather on the high side") and my pulse ("Well, it certainly isn't slow") and told me breezily that my arteries were beginning to harden.

She asked about my lifestyle and, in questioning me about the headaches, she asked if I drank much coffee. Rarely, I said. And tea? Well, yes, quite a bit. How much? Twenty or so cups a day. She reared back like a startled horse. What did I have for breakfast? Slightly nervously, I said it was sometimes nothing, sometimes chocolate. I admitted to eating quite a lot of chocolate. How much? Well, three or four bars a day. She practically threw down



her pen. "Well, no wonder you get headaches," she said. "I had a postman come here once who drank cups of tea and ate chocolate, and he could only work two days a week. He just lay down the other three days. It took six months of treatment before he recovered. I suppose you smoke, too!" Fortunately, I was able to say no. But on confessing that I liked — well, adored — cream, butter and white bread, I lost my brief advantage and incurred her anger again.

"Well, of course, you're just a junkie," she said. "You're not the only one I've had like this, hooked on junk food. You can't go on acting like a child, wanting cream. You must grow up." She told me I shouldn't eat spinach and rhubarb, because these would do my tendency towards arthritis no good. No, I could not have decaffeinated coffee: it was almost worse than ordinary coffee, apparently, as it went through an extra process.

She gave me a long list of what I should eat and drink. It was full of wholemeal bread and lentils and carrot juice and it appalled me. "Well," she said, "If you want to go blind. . . ."

She dispensed some medicine for me there and then, gave me some vitamin B pills, a special toothpaste and my new diet sheet. I was under strict instructions to go back to her in two weeks.

Herbal remedies are generally in the form of tablets, liquids ointments, teas, oils or dried herbs. Some can be obtained only under prescription from a medical herbalist but most can be bought from herbalist or health food shops, some chemists and by post from herbal suppliers. Since 1972, all herbal products have required a safety and quality licence from the Department of Health and Social Security.

But isn't it dangerous to become your own barefoot doctor—to decide what's wrong with you and then choose the remedy? Simon Mills, president of the National Institute of Medical Herbalists, says most people want remedies for mild, short-term problems, like coughs, stomach aches and sore throats. In those cases, "self-diagnosis is not at all to be discouraged."

What about side effects? "Some remedies are really gentle, others a bit more active," says Mr Mills. "But if you used an inappropriate remedy, your body would soon let you know." Certainly reactions to herbal medicines are negligible compared to the side effects of drugs — but there is one important qualification. Women should not self-administer treatment during pregnancy, as some medicines could damage the foetus or cause a miscarriage.

The medical profession in general is hardly ecstatic about herbalists, as the way herbalists treat patients is different from their own methods. Baldwin's believes that doctors are so inundated, they have too little time to spend on patients. People like to visit herbalists because they listen to them.

Judging by the jump in the number of practising herbalists, herbalism businesses and treatment and training centres, patients are voting with their feet all over the country.

Costs

My consultation with the medical herbalist cost me £17. The medicine, toothpaste and vitamins brought the total to £28. Succeeding consultations will be £12.

The National Institute of Medical Herbalists, 41, Hatherley Road, Winchester, Hampshire, will send a register of qualified practitioners in return for a large sae.

The Herb Society, 34, Boscobel Place, London SW1, is open to both amateurs and professionals.

Joy Melville

Wine

Seeing red over prices

BEFORE the annual Hospices de Beaune auction of its new wines, everyone in the trade there will tell you they expect the prices to be exaggerated with relation to the real level outside. Immediately afterwards, however, they will express their shock at the huge rise in prices and their fears that the growers, mostly withholding their wines until the Hospices' results are known, will raise their prices accordingly.

This year, the shock waves were intensified by the far-above average increases for the red wine cuvées and the continued high rises for the whites. To take the top prices in each category, with last year's figures in brackets, the Mazis-Chambertin, Cuvée Madeline Collignon, made FFr 70,000 (36, 500) and the Corton-Vergennes, Cuvée Paul Chanson, went for FFr 115,000 (70,000). On top, the buyers paid 4 per cent VAT.

This works out altogether at something like £6,500 and £10,500 for a 24-dozen-bottle cask, ex-cellars Beaune, which makes first (and many second-classed) clarets positively cheap: except, of course, that there is a great deal more of the latter available.

To summarise, in comparison with last year, the red wines rose by 86 per cent and the whites by 33 per cent (but these had gone up by an immoderate 54 per cent last year, with the reds up 17 per cent). The 1985 sale total for the wines rose from just on FFr 16m to practically FFr 23m—for 12 per cent less wine.

Yet, before we dash for the bargain-price Rhône by the newish TGV (Train de Grande Vitesse), it must be said that such prices, owing a great deal to publicity and a little to charity, are not representative of 1985 burgundy prices. These, however, are bound to rise for an undoubtedly excellent vintage that is short in red Côte d'Or wines, and variable in quantity in whites: very prolific in Puligny, Chassagne and Meursault but less so in Corton owing to hail; and no more than a half-crop in Chablis damaged by winter frosts. Beaujolais, the Mâconnais and the Chalonnais made good, normal crops.

There is, moreover, a good case for higher prices for the Côte d'Or reds, which in real money terms were no dearer for the fine 1983s than for the 1979s (although FFr 65,000 a cask, ex-grower, for Richebourg and FFr 35,000 for the much larger, though hailed, Chambertin, are far above previous prices). But the overall crop is more than 10 per cent smaller than average and follows the generally poor 1984's.

The white Côte d'Or burgundies, on the other hand, showed increases in quantity compared with normal, of a third and more. Some of the handful of proprietors in the tiny (18.4 acres) Montrachet vineyard made up to 50 per cent more than averaged, though that means fewer than 5,000 cases for the whole world. So, not surprisingly, the price of the 1985 is FFr 80,000 a cask.

Usually in the Côte d'Or the whites account for no more than a quarter of the total: so even if there have been more produced this year, it is unfortunate that the generally much cheaper alternative of Chablis has had such a miserably small crop this time, although the quality is said to be very fine.

The reasons why the 1985 red Côte d'Or prices are so much higher this year are that the wine is excellent: that good vintages are less common than in Bordeaux—three times rather than at least five times a decade; and there is relatively very little of it, especially of the Grands Crus such as Chambertin, Musigny and Volnay Caillerets.

It is to early for us to talk about buying the 1985s, although they doubtless will be offered here next summer; but, certainly, this is a vintage for burgundy drinkers to buy. The best value will lie in the lower categories including the "village" wines such as Gevrey-Chambertin and Nuits St Georges (with the caveat that, in burgundy, it all depends from whom the British merchant buys).

The responsibility for the 1985 white burgundy prices lie largely on American demand for which, at present, there apparently is no limit. Robert Drouhin, a leading Beaune négociant, told me he could sell all his white burgundy to the US.

There also is a big demand for fine white burgundy in this country.

As with Bordeaux's leading classed-growth clarets, Burgundy's fine reds and almost all its whites have an unhealthy dependence on the American market—and that means on the dollar-franc exchange rate. Over FFr 10 early this year, it is now under FFr 8 to the dollar.

To end on the proper note of quality, rather than price, what are these 1985 Côte d'Or wines like? (for on my recent visit I tasted no other, except some Beaujolais Nouveau that seemed excellent).

The reds struck me as fairly forward; certainly those of the Hospices de Beaune which, in the pre-sale tasting in its cellars, had good but not particularly dep colour, fine nose and fruity taste (even when many were going through their second, malo-lactic fermentation). Compared with the acid 1984s, they were a pleasure to taste.

The whites always are more difficult to taste as the fermentation often is not complete and the wines are cloudy; bu they are big, fairly alcoholic and, like the 1983's but less like the 1984's, are likely to need keeping for some year (a respite that few probably will be given).

The majority of us who cannot sustain the rarified air of Montrachet or Corton probably will be very satisfied with plain Meursault or Puligny at prices for which we would probably do well to start saving, right now.

Edmund Penning-Rowsell

Turning up volumes

Arthur Hellyer looks at some recently published books on the British garden-making tradition

SEVERAL BOOKS published recently illuminate some key areas of the British garden-making tradition. Capability Brown and the Eighteenth Century English Landscape (Weidenfeld and Nicolson, £16.95) is concerned with that extraordinary period of revolution in garden thinking: gardens of a Golden Afternoon (Penguin, £8.95), is a detailed appraisal of the gardens of Edwin Lutyens and Gertrude Jekyll; Vita's Other World (Viking, £14.95) considers Vita Sackville West's achievements as a gardener; and The Gardener's Garden (Viking, £12.95) looks at a number of gardens through the eyes of those who care for them.

Roger Turner, author of the very well-illustrated volume on Brown, fills in the economic and cultural background of the period in which this remarkable man worked; and opens his narrative with Horace Walpole's confident assertion that "We have discovered the point of perfection. We have given the true model of gardening to the world; let other countries mimic or corrupt our taste; but let it reign hereon its verdant throne original by its elegant simplicity, and proud of no other art than that of softening Nature's harshness and copying her graceful touch."

It was Lancelot Brown who refined that vision so much that all his works were excluded from the 1979 Garden Exhibition at the Victoria and Albert Museum on the ground that his gifts were entirely those of modulating ground, trees and water. It is true that, without some prior instruction, few people seeing a Brown landscape for the first time would recognise it as a garden. Many would not even realise it had been purposefully designed but would take it to be an exceptionally well ordered piece of natural landscape.

Even in his use of buildings as eye-catchers and humanising elements, Brown became ever more sparing. At Bowood, my own favourite, he used only one quite small temple backed by trees on the far side of the river-like lake with which he filled the middle distance, as was his habit. He was a truly remarkable and very likeable man, educated in the tiny villages of Kirkharle and Cambo in Northumberland. When about 16, he started work at Kirkharle Hall as a gardener.

By the time he was 40 he was able to travel widely, assess the landscape capabilities (hence his nickname) of an estate in a few hours, and design personally not only the ornamental buildings for it but also the mansion itself if so desired. Humphry Repton actually considered his work as an architect almost as great as his garden-making.

Brown's influence still underlies much of our landscaping, although now, in the vicinity of building, it is likely to be a good deal more colourful and a little less verdant than Walpole would have approved. But the twin geniuses of our own times are believed widely to be William Robinson and Gertrude Jekyll. It is very difficult to disentangle Miss Jekyll's influence from that of the architect Lutyens, since they worked so much together; and Jane Brown has kept them firmly together in Gardens of a Golden Afternoon, a limp-covered reprint of a book published first in 1982.

This, too, is very well illustrated and the pictures may come as a surprise to those who think of Miss Jekyll as a cottage gardener. Left to her own devices at Munstead Wood, there is something a little cottagy about her style, although she considered ten acres about the minimum with which to create

a well balanced garden. But Lutyens was not interested in cottages and, as Jane Brown points out, his buildings often were so expensive that they embarrassed his clients seriously.

In her final chapter, "A Reckoning," Jane Brown is rather dismissive of the supposed continuing Jekyll influence on garden design. I have no doubt that she is correct so far as professional garden-makers are concerned; but what is remarkable about British gardens is that so many of them are made and tended by amateurs. This was true to some extent even in the Lutyens-Jekyll heyday; for Hidcote was made by its owner, Lawrence Johnson, and Bodnant was designed very largely by the second Lord Aberconway. But probably it was Vita Sackville-West, creating her much admired garden at Sissinghurst Castle and writing weekly about gardening in The Observer, who most influenced mid-20th century taste.

Again, it is Jane Brown who tells the whole story of how it comes about that Vita is remembered primarily as a gardener and not as a poet, as she would have wished. I find Vita's Other World a very moving book, yet one that leaves some questions unanswered. Where did she acquire her great skill with plants? Hardly at Knole, which she loved beyond all places on earth. Was she much influenced by Miss Jekyll as is often assumed?

Jane Brown describes a visit to Munstead Wood in 1917 when Vita found Miss Jekyll "rather fat and rather grumbly . . . and the garden was not at its best but one can see that it must be lovely." Author Anne Scott-James who wrote a book on Sissinghurst, once told me that Vita visited several Jekyll gardens but did not like any of them.

Yet, there is a resemblance in the Sackville-West profusion and sensitivity to colour and what Miss Jekyll liked. Perhaps it was the Lutyens' frameworks rather than the Jekyll infilling that Vita disliked: for both ladies were planters and Vita needed Harold Nicolson's designs just as much as Jekyll needed Lutyens.

Perhaps it is all summed up by Jerry Harpur's superlatively good photographs in The Gardener's Garden, for these show how very much alike many of our 20th century gardens are. Most are full of well associated flowers, which might suggest Jekyll, but are free flowing in design, which would point more towards Robinson and, away in the background, Lancelot Brown, where they do have architectural features, these seem to be inspired mainly by Spanish patios and Tudor courtyards and not by the sophisticated elegance of Lutyens.

All are exactly the sort of gardens that foreigners would recognise immediately as "English" — which is rather hard on the Welsh, Scots and Irish who have all been equally good at making them. The gardens are described by the gardeners who now care for them, but I hope this will not leave the impression they were all made by professionals. In fact, precisely the opposite is true. This book would make a lovely Christmas present for anyone who likes gardens.

CHESS

ENGLAND'S result at last week's world team championship in Lucerne was a disappointment to optimists who believed silver medals at the 1984 Salonica olympics established our players as second behind the Russians.

England lost individual matches at Lucerne not only to their major rivals, Hungary, but also to the weaker Rumania and Switzerland. Final totals were USSR 37½/54, Hungary 34½, England 30½, France and Rumania 28½, Switzerland 27½, China 27, Argentina 25½, West Germany 23½, Africa 7.

England's objective world chess ranking at the moment probably is joint third with the US, behind Hungary and narrowly ahead of Yugoslavia. Age differential continues very favourable and suggests England truly will be a major rival to the Russians by 1990: the eight England men at Lucerne averaged 27 compared with 36 for the USSR and Hungary.

England's improvement — it was outside the top 20 chess countries early in the 1970s—owes much to the intelligent and dedicated captaincy of David Anderton, along with financial backing from merchant banker Duncan Lawrie. The result is a good team morale and a side which rarely has been other than at optimum strength for a decade.

In contrast, major rivals have their problems. Two Yugoslavs went on strike for several rounds during the 1984 olympics when some pairings were notified late; the Hungarians Portisch, Ribli and Adorjan have been at loggerheads over board order; and even the Russians had a significant absentee in Lucerne when Kasparov opted out in favour of a holiday in Baku.

White: N. Short (England).
Black: H. Wirtensohn (Switzerland).
Sicilian Defence
(world team championship 1985)

1 P-K4, P-QB4; 2 N-KB3, P-K3; 3 P-Q4, PxP; 4 NxP, N-QB3; 5 N-QB3, P-QR3; 6 B-K2, P-Q3; 7 B-K3, N-B3; 8 P-B4, B-Q2; 9 Q-Q2.

Nigel Short here plans two significant divergencies from normal white strategy in this Scheveningen variation, familiar from the world title match. He intends long rather than king's side castling, and to develop his queen at Q2 rather than KB3. Black's reply looks slow; better 8 . . . Q-B2 so that if 9 Q-Q2, NxN and 10 . . . P-K4.

9 . . . NxN; 10 QxN, B-B3; 11 0-0-0, B-K2; 12 P-KN4! 0-0

Black has to go over to passive defence, already a major concession.

13 P-N5, N-Q2; 14 P-KR4, R-K1; 15 K-N1, P-N4; 16 P-R5, B-B1; 17 P-N6!

A typical pawn sacrifice for such positions, placing the black king in maximum danger on newly-opened files.

17 . . . BPxP; 18 PxP, PxP; 19 QR-N1, N-B3; 20 B-B3, R-N1; 21 RxP, P-N5; 22 N-K2, P-Q4.

Thematic central counterplay, but too late.

23 P-K5, N-K5; 24 Q-Q1, N-B6 ch; 25 NxN.

Not 25 PxN, PxP ch; 26 K-R1, Q-R4 when Black's attack may come first.

25 . . . PxN; 26 P-N3, Q-Q2; 27 P-B5, P-Q5 (not PxP? 28 RxB!); 28 BxB, QxB; 29 P-B6! PxB; 30 R(6)-N1!

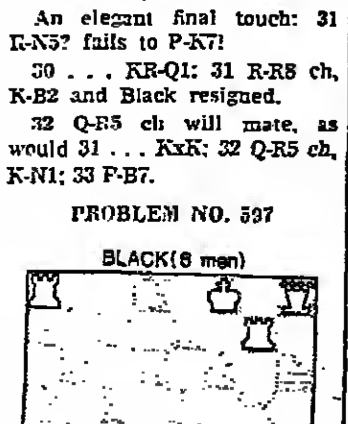
An elegant final touch: 31 R-N5? fails to P-K7!

30 . . . KR-Q1; 31 R-R8 ch, K-B2 and Black resigned.

32 Q-R5 ch will mate, as would 31 . . . KxR; 32 Q-R5 ch, K-N1; 33 P-B7.

PROBLEM NO. 597

BLACK (6 men)



WHITE (6 men)

White (playing as usual up the board) mates in four moves at latest, against any defence. This puzzle by T. Nissl has only a few variations of play, but provides a stiff test of chess imagination and logic.

Solution Page XV

Leonard Barden

Cookery

Fish make a pretty dish

IF YOU live in the country, food shopping in traditional outlets may involve driving many miles and to all points of the compass. In my area it is farm eggs to the north, delicatessen to the south, butcher to the east and fishmonger to the west.

Shopping like this is all very well in summer but when winter gets a grip on the roads my willingness to trek all over the place diminishes—and my shopping list tends to contract accordingly. The alternative is to shop for everything in one store—and I find the lure of the supermarket particularly appealing this winter as the range of good quality foods to be found under one roof seems bigger and better than ever.

As a lover of fish and shellfish I am particularly heartened to discover that supermarkets and chain stores are at last beginning to take a proper interest in fish. In shops where once you would have found little more than packets of frozen tartrazine—dyed smoked haddock fillets, now you may well find fresh pale Finnan smoked haddock on the bone and a great deal more besides.

Star attractions for me are fresh scallops at major branches of Waitrose, and monkfish at selected M & S stores. Marks & Spencer is also selling ready prepared moules marinières in an increasing number of their stores. The moules are good and to have them ready prepared is wonderfully time-saving.

Not all branches of all stores are yet stocking wet fish and fresh fish dishes. Let's hope it won't be long before all branches of all chains become good fishmongers. Meanwhile even quite modest sized branches of most chains are at least devoting more freezer cabinet space to fish.

You may, for example, come across a newly-launched frozen moules marinières under the Starfish label, which compares well with the M & S fresh version—although great care must be taken to prevent toughening the shellfish when reheating them for serving. I am told that the Starfish range also includes raw frozen Dublin Bay prawns, and I look forward to trying these very much indeed.

Another name new to me is Wilson's and I rate their part shelled and frozen crab claws as well worth looking out for. These are useful and good for a quick lunch dish if gently heated in a mixture of olive oil and butter with a good grating of fresh ginger. I serve them on a bed of plain boiled rice.

Most impressive of all, and the label I really recommend, is Cuan. This company deals exclusively in Pacific oysters—farming them, selling them fresh, and manufacturing frozen recipe products which bear the hallmarks of good home cooking.

The oysters mornay are delicate and delicious. The oysters

in garlic butter are truly outstanding—dabbed with just the right amount of butter and an admirably light touch of garlic so the texture and taste of the oysters shine through—unreservedly the best frozen fish product I have ever eaten.

Many would argue that the best if not the only way to serve oysters is raw and very fresh indeed. If this is the way you like them, you may be pleased to hear that there is no need to go out shopping since Cuan, Starfish and Securicor have teamed up to provide a fast and efficient shore-to-door oyster delivery service to any address in Britain.

To order, ring 0473 626527 and quote your Access or Barclaycard number. The minimum order is for 100 oysters and costs £27. A leaflet on opening oysters is sent with every order and an oyster knife will be enclosed if requested. The extra charge for the knife is £2.25. All orders are delivered within 24 hours of the oysters being harvested from the sea.

SCALLOPS WITH LEEKS AND CORIANDER

A pretty dish with the coral, ivory and pale green of scallops and leeks. Elegant and simple, it takes next to no time to cook but must be served as soon as cooked. This makes it best for informal meals. I serve it as a first course for four (using scallop shells as dishes), or as a greedy supper dish for two people. Good crusty white bread, such as a home-made bloomer loaf, is the only accompaniment needed.

1 or 2 long slim leeks; 6-8 large scallops, weighing 10 oz in total; fruity olive oil; lemon juice; salt, pepper and coriander seed.

Wash and trim the leeks leaving all the tender pale green parts attached. Cut the leeks across into wafer-thin slices, so they fall into ribbony shreds, and weigh out 4 oz for this recipe.

Wash and dry the scallops. Remove and discard the hard silvery white muscles which attached the scallops to their shells. Gently separate the corals and cut the white discs of flesh across into thin slices. Sprinkle with a little salt, some freshly ground black pepper and a good quantity of coriander — either freshly ground in a peppermill or crushed with pestle and mortar.

Warm a generous tablespoon of olive oil in a non-stick frying pan with a lid. Add the shredded leek and stir and turn it to coat it all over with fat. Then half cover the pan and cook very gently, just stirring occasionally, for a couple of minutes until the leek is just cooked—retaining bite and bright colouring. Remove and keep hot.

Add 1 teaspoon more olive oil to the pan, and swirl the pan to film the base. When the oil is warm, add the scallops, spreading them in a single layer if possible. Cook fairly gently on both sides, just long enough to stiffen the scallops and to turn the whites from glassy looking to pearly. This will probably take little more than 15 seconds.

Quickly return the leeks to the pan. Add a generous teaspoon of lemon juice and stir and turn the ingredients just long enough to mix them together. Draw the pan away from the heat, check seasoning, and serve on hot plates without delay.

Philippa Davenport

No FT, no hanky

SOME STORES have this quaint, old-fashioned notion that men are shy about buying certain sorts of presents for the women in their lives: little wisps of silk and satin, floating negligées, slithery nightdresses; that sort of thing. So in order to soothe their anxieties, smooth the path and ease embarrassment, a few stores have had the bright idea of holding "men-only" shopping events. I don't know what the sex discrimination enforcement officers would say about it, but it sounds like a good idea for the sort of man who would like a little personal attention when doing his Christmas shopping.

At Harvey Nichols, for instance, a special "men-only" evening will be held on December 11 from 4 pm until 7 pm; in order to ease the passage of cheque or credit card, a glass of champagne and free gift wrapping will be on offer to any man who buys something during these hours. In addition, any FT reader who goes along carrying a copy either of this issue of the FT or of the issue of December 11 will be given a free silk handkerchief.

You do not, of course, have to buy lingerie at all — though during the Christmas period the lingerie department is being brought out from behind its discreet wraps and made much more accessible. You can take advantage of the peace and quiet and the free glass of champagne to wander round the store and buy anything you like. And if, after all, you would like to bring your wife along, well, nobody is going to stop her at the door. . . .

Lvd P

هكذا من الأهل

HOW TO SPEND IT

Lucia van der Post

Gifts join friends to Friends in congenial society

Some ideas to subscribe to

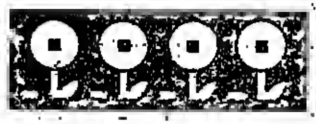
Sometimes the best presents of all get off to an inauspicious start. Take the voucher, the token, the membership – subscription. None of them presents itself in very exciting guise—no matter how souped-up the graphics a card is, after all, just a card. But the right voucher, the carefully-chosen subscription, the introduction to the right society, could be the start of a life-long interest. And from the giver's point of view the great bonus is that they can be organised quietly and efficiently from home. If the idea appeals to you, here are just some of the many ideas around.

The London Library, 14, St James's Square, London SW1

The perfect present for the scholar, bookworm, would-be academic, serious researcher. £70 a year is the cost of annual membership for Londoners, but it costs just £15 for "country" membership.

Those living within 20 miles of the library can borrow up to 10 books at a time; country members are allowed 15. Serious students or very fast readers can, for an extra £8 a year, borrow an extra five volumes at a time.

The library has about 1m different titles, almost all are on open shelves so that members can freely look. There is a copying machine and micro-form readers, and the library is open every day, except Sundays, from 9.30 to 5.30.



The Royal Horticultural Society, Vincent Square, London SW1P 2PE

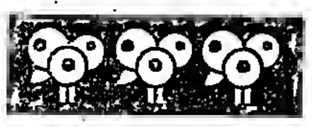
Annual membership for two is £24; £14 for one; and there is an additional initial £10 enrolment fee. The great perk that this offers is the chance to go to the Chelsea Flower Show on private view day, before it becomes inundated by the public. Then there is the permanent right to visit Wisley at any time for all occasions, and meetings. There is a free copy of "The Garden" each month, use of the library, a chance to go to gardening lectures, free advice on gardening problems and the identification of plants.

Pulbrook & Gould, 181 Sloane Street, London SW1

I can think of no more wonderful present than a regular supply of flowers from this most elegant of florists. It is probably easiest to arrange if you become an account customer first (no extra charge for this) and then you could order, say, a bunch of seasonal flowers to be delivered every Monday, or the first day of every month, throughout the year.

The Folio Society, 202 Great Suffolk Street, London SE1 1PR

Most people know the Folio Society's beautiful editions of some of the world's most distinguished books. For £50 you could make anybody a member, and give him or her entitlement to the four quarterly magazines a year, and the chance to choose any four books free. After that, to keep up membership a minimum of four books each year should be bought. With delights like most of Dickens, Jane Austen, Trollope, all beautifully printed and bound, this should be no great hardship. All the editions are unique to The Folio Society.



Borderlines, Wanford Mill House, Bucks Green, Rudgwick, W. Sussex.

A marvellous idea for friends with a new garden, or for reluctant gardeners, is the Borderlines gift token. For £19.50 the would-be gardener is sent a token giving a choice between three ready-made border designs.

All have been beautifully worked out to provide an old-fashioned border suitable for most reasonable soils, with plants happy to face in any direction, that need very little maintenance.

There are three designs to choose from: Britannicus, which consists of old-fashioned plants in clear blues, pinks and white; Rubens, which has predominantly dark red, pink and silver plants, and Umbra, which is in cool green, yellow and white, and would do best in a shady position. All measure roughly 20 ft long by 5 ft deep, but size can be varied.

The token entitles the owner to a full plan of the design, descriptions of all the plants with instructions how to care for them, and a monthly maintenance reminder chart. Borderlines has arranged for Sherrards of Newbury, Berkshire, to stock, supply and deliver all the specified plants for an all-in cost of £67.50.

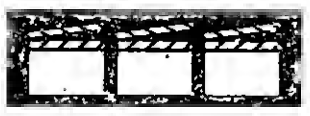
Royal Academy, Burlington House, Piccadilly, London W1V 0DS

About 38,000 people have discovered the delights of being a Friend of the Royal Academy—chief of which is the right to free and immediate admission to any exhibition for both the Friend and an accompanying friend. It costs £22.50 a year to make someone a Friend, and this also entitles him or her to reduced prices on catalogues (no small consideration these days), a free magazine, the right to have coffee in the Friends' Room, access to the library, lectures, and tours.

Those of a creative bent could be made an Artist's Subscriber: this gives the same privileges and also the possibility of buying artists' materials at reduced prices.

National Theatre, South Bank, London SE1 9PX

A mini-subscription, this; for just £4.50 a year you can put somebody on to the National Theatre's mailing list. Members receive regular advance information about all National Theatre productions, including those on tour at regional theatres, as well as exclusive priority booking for all South Bank performances. There is also the chance to see a few performances at specially reduced prices, and the chance to attend National Theatre literary lunches.



British Film Institute, 81 Dean Street, London W1V 6AA.

The present for the cinema buff who is not already a member. For £8.70 you can give somebody associate membership of the British Film Institute, which entitles him or her to buy tickets for films shown at the National Film Institute—only members can see these films. It entitles members to book for all films and gives the right to priority booking for films shown at the annual London Film Festival. The fee includes regular mailings about all that is happening in the worlds of film, video and television.

For £13.50 you may become a full member: the same rights as associate membership with the addition of the quarterly publication Sight and Sound and the right to use the library and information service.

The Friends of Covent Garden, Royal Opera House, London WC2

For the sum of £21 you could make a friend or loved one a full member of the Friends of Covent Garden. For this he or she is sent a full mailing list of all performances, has the chance of priority booking, and the opportunity to attend dress rehearsals of ballet and opera performances at a minimal charge (about £1.50). The annual Christmas evening in the opera house, where there is a mixed medley of entertainment is a much enjoyed perk. Membership for the under-26s is only £7.

The Giftgram, from Post Offices all over the country

The Giftgram is a wonderfully simple idea, originally developed by The Gift League, now available through every Post Office. The giver should initially take a look at the catalogue listing all the possible options, which is available from any Post Office. They are many, ranging from a gourmet meal for two, a first flying lesson, a magazine subscription, or a side of smoked salmon.

Having decided on the present you would like to give, you then buy the appropriate Giftgram. This is sent to the recipient in the form of a voucher which can be simply handed over when he decides to take it up. For those who are squeamish about such matters, price need never be mentioned.

The choice really is enormously large, from specific items to a whole series of experiences including driving lessons, cookery lessons, gardening presents.

The price range varies from relatively little (for the smaller things like books or toys) to expensive, for the more recherché experiences like flying lessons.

The Wine Society, 53 Bolsover Street, London W1P 7HL

The Wine Society's list of wines is known far and wide as offering some of the best wines at the best possible prices. For just £10 you can buy someone a share in the society for life. From then on (unless they go for long periods without ordering any wine) they will be sent a price list and catalogue twice a year. The society holds regular tastings up and down the country, and at Christmas there are usually several special offers. The mixed cases offer a good opportunity to get to know new wines, and you can buy other sundry items like cigars and extra fine virgin olive oil.

University Tailors, PO Box 157, Lawn Lane, London SW8 1UD.

For the really busy man (maybe it is more of a present to his wife) what could be better than a year's subscription to a valet service? If you pay £100 (plus VAT) to University Tailors, the lucky man has the right to have his suits collected, cleaned, mended and delivered back to the house as often as he wants.

The payment system is complicated in that the £100 is really a pre-payment—the £12.50 each suit costs to be cleaned, collected and repaired is deducted from the pre-payment until the £100 is used up. If you pre-pay the user gets a 5 per cent discount, so the initial payment buys more cleanings.

Still not sure what to buy for whom? Next week: present ideas for men and women

Classic Chanel pearl necklace (£500); pearl and gilt earrings (£50)

Fake it in style

JEWELLERY must be the all-time desirable present. It speaks of care, intimacy and love. It transcends all age barriers. It comes cheap and cheerful, wacky and witty, expensive and rarified. You can choose from minimalist exercises in steel and titanium, from baroque excesses of pearls and coloured stones, from antique or modern, from conventional assemblies of gold and diamonds. It is easy to wrap, needs no careful gauging of shapes and sizes and last but not least, it lasts for ever. If jewellery is on your shopping list this Christmas here are a few options open to you.

Some of the most stylish jewellery around is currently to be seen at Cobra & Bellamy's exhibition, "The Grand Illusion." Little of it is precious in the conventional sense — "original designer costume jewellery" is how the collection is billed—but since there are extravaganzas from the likes of Dior, Chanel, Boucher, Triffari, Eisenberg and other great names, almost every piece carries a lot of punch.

If the prices seem high (they range from £15 to £350) it is worth remembering that costume jewellery is becoming a hot collector's item. Almost all of it fits in with today's mood for great, big extravagant pieces. Discretion is no longer the name of the game; nobody minds a fake. To give you some idea of what is on offer, here is a photograph of a Trifari brooch, circa 1930, in red enamel with paste stones. Find Cobra & Bellamy at 149 Sloane Street, London, SW1.

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Art Deco jewellery has been sought-after for several years now. One of the best selections I know is at Van Peterson of 117 Walton Street, London SW3. Much of it is genuine, dating from the 1920s and 1930s, but there are also some "repro" pieces. There is a large selection of marcasite drop earrings varying in price from £30 to £60.

But look out, too, for reconditioned old Rolex watches (a big fad these days; some of them are quite beautiful) and for a collection of amber and jet jewellery, as well for amusing little trinkets like lighters, hip flasks, photographs frames. For men there is a big selection of enamelled cufflinks at prices starting at about £35.

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Romantic jewellery has come back in a big way. Nobody does it better than that mistress of the art of seduction, the House of Chanel. In time for Christmas there are wonderful strands of pearls; big, baroque and very noticable. There are great big beautiful pendants, bracelets and brooches, and any man who is stuck for ideas could hardly do better than give his nearest and dearest a pair of classic Chanel ear-rings.

Clare Brooks

Chanel pearls with colourful Russian cross, above. Below, Ken Lane's way with pearls and coloured stones

Prices may seem high for what is, after all, just costume jewellery, but the sense of style and panache, the finish and the detailing, is among the best around. Sketched below is a perfect example of the Chanel touch—a pearl choker with an ornate "gold" cross set with diamanté, red, green and purple stones in the Russian manner, designed by Karl Lagerfeld. £176. The Chanel shop is at 26 Old Bond Street, London, W1.

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When it comes to costume jewellery Ken Lane has been doing it better than most for

1930 Trifari brooch from Cobra and Bellamy

longer than most. He was one of the first to realise that there was a market for jewelery that was neither fine and precious nor inexpensive costume jewellery — in other words, that there was room for quality fashion jewellery. Year after year he manages to give fashion-conscious women without a casket full of heirlooms something decorative to wear.

Sketched here is an imitation pearl necklace with red, blue and green stones, £149. Matching ear-rings with large green stones set in gilt are £52. Ken Lane boutiques are at 66 South Molton Street, London W1; 30 Burlington Arcade, London W1; and 50 Beauchamp Place, London SW3.

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Finally, for anybody whose interest in jewellery extends beyond simply wearing it, Suzy Menkes, fashion editor of The Times, has produced a wonderfully glossy racy account of how the royal family came by their jewels. The Royal Jewels traces not only the origins of this rich collection of gems of every kind, but tells us when and to whom they were given, and how they were broken up and re-designed. She also looks into the question that has intrigued royal family watchers since the war — how much of the royal collection did the Duchess of Windsor "get away with."

It is a fascinating glimpse into the inner world of royal present-giving, into the convoluted histories of royal marriages, inheritance customs and feminine wiles.

*The Royal Jewels by Suzy Menkes. Grafton Books £14.95.

LvdP

• PROPERTY •

Gold at the bottom of the garden

PETER PLUMMER collects back gardens. When he has enough of the right kind, he puts them all together so they can become a small housing scheme. It is all done as part of a carefully-planned strategy, so, in case you are interested, any old back garden will not necessarily do.

But if you have a large back garden there may be gold in it, particularly if it has access to a road and good drainage and if the chance of planning permission is more than just pie in the sky.

The shortage of land over the last few years has brought in specialists like Plummer to oversee the whole operation, whether it is for a large site or a generous expanse of lawn.

P. O. Plummer and Associates, Dovedale House, Chequers Lane, Walton-on-the-Hill, Surrey, is a firm of estate development consultants and land surveyors. Its job involves searching for building land with the aid of development plans prepared by local authorities.

The target is houses with long gardens, or a number of properties adjoining each other with long gardens of say 300 ft or more. By approaching the various owners, a small housing scheme can often be assembled.

There is nothing haphazard about the operation. Matters such as drainage, access and the number of houses allowed per acre are the subject of careful discussion with the appropriate local authority. Particular attention is paid to retaining as many of the existing amenities as possible, the careful design of new amenities and the landscaping of the whole scheme.

Plummer says: "It may take nine to 12 months to reach agreement by way of options with the various owners. The planning application has to be drawn up and submitted, and if turned down, possibly go in an appeal to the Department of the Environment.

"There may also be restrictive covenants on the land, and tree preservation orders. Some owners, of course, may not be prepared to join in a scheme. All these aspects add to the cost of assembling a site with land in different ownership."

The value of the gardens will depend on the cost of acquiring access, usually by the demolition of an existing house, the length of the new road, drainage and services for the new building.

Plummer explains: "As a guide, the value of the plots would be about 25 per cent of the value of the new houses to be built on the land. But naturally this will depend upon the cost of the preliminary work.

"Many schemes fail to materialise because owners expect the value of their gardens to be the same as a site recently sold in their town which has an existing frontage to a road, and there is only one owner involved."

To help you understand the ramifications of all this, Mr Plummer hit upon the brilliant idea of incorporating in a board game the problems likely to be incurred. It is called Permission and costs £13.

But back in the real world, land for retirement homes is favourite, the price paid considerably higher than for normal residential schemes.

Pearsons, estate agents with over 36 offices in southern England, started a land department in Market Place, Ringwood, Hampshire, about 18 months ago. Partner John Recketts deals with anything in excess of four plots in size, and Graham Freeman looks after the land for sheltered homes.

The price of land in this area, Mr Freeman says, is about £190,000 per acre without building consent, nearly double with some sort of planning permission. Anything that might conceivably attract favourable consideration for building for the elderly attracts a premium.

He admits that finding land is not easy. "Constant contact with local authorities is most important, as is gauging public opinion to any projected developments. It is vital, too, that local residents and conservation societies appreciate that developers will usually be prepared to contribute something to improving the environment in the form of roads, services and landscaping."

Recent sales have included a one-acre site in Andover, of which only half is usable for development. It was bought on tender by Fletcher for 22 one-bedroom sheltered units, and well in excess of £200,000 is said to have been paid.

St Cross Mede, a turn-of-the-century mansion in 1.37 acres at Winchester, which has been a children's home, is coming up for tender through Pearsons with a closing date of January 17. Seller is Hampshire County Council and the property's classification restricts it to use as a home or institution for children or old people.

Although nothing specific has been decided as to what can be done with the grounds, the Hampshire planning director's office says that "the use of the site for sheltered accommodation would be an acceptable alternative use."

On this "hope value" Pearsons is expecting to attract offers in excess of £400,000. If private use only had been stipulated, only £225,000 or so might have been expected. With planning permission, nearer £500,000 would be more realistic, says Graham Freeman.

During the past few years, Debenham Tewson and Chinnocks has created a department to advise clients on all aspects relating to the sale and acquisition of residential development land, especially in the Home Counties.

The firm also has a link with R. H. and R. W. Clutton, agricultural specialists, experienced in negotiating with tenant-farmers.

Recently the joint expertise involved them in a successful five-year battle to obtain planning permission on West End Farm, Burgess Hill, Sussex. The 60-acre site was sold to Bryant Homes and Crest Homes, with outline planning permission for residential development being phased over approximately 10 years.

June Field

The mid-18th century Woodbine House, Petersham, near Richmond, Charles Dickens' holiday home where he is said to have worked on *Nicholas Nickleby*. Savills' London (01-499 8644) are inviting offers of more than £300,000.

People's power comes to Royal Tunbridge

ROYAL Tunbridge Wells—like China's capital, Peking, in 1981—recently acquired a Department of Civic Virtue, and for some months has enjoyed a bitingly witty wall newspaper. Both are the unlikely work of African-born Dr John Owen, one of the Kent town's most distinguished residents.

An Oxford graduate, he served 20 years in the Sudan political service, departing with an OBE in 1956. After four years with Courtauld's, during which he was involved in trying to produce synthetic sausage skins, the chance sight in 1960 of a newspaper advertisement led to 12 years in Tanzania. Owen became director of the country's 10 national parks—including the *Serengeti* — and outlasted by many years all Tanzania's other white departmental heads. In 1971, the World Wildlife Fund awarded him its second Gold Metal and Oxford gave him an honorary DSc.

Why, then, is he now heading (as founder member) Tunbridge Wells's new Department of Civic Virtue? And why is he writing bulletins for the wall newspaper, mounted where the back of his Victorian house reaches within a few feet of a busy main road?

Owen says he got the idea from American playwright Arthur Miller who, while working in Peking, wandered off on his own and discovered a wall newspaper. "He found it had been set up by the city's Department of Civic Virtue, itself established by the people of Peking to bring honesty and decency back into civic administration after the Gang of Four's overthrow.

"Tunbridge Wells seemed to me to be in need of the same treatment. Some sort of publishing medium was also required where public misdemeanours could be publicly noticed. So why not a wall newspaper like Peking's?

"All this, however, really derives from what I call my 'old man's hobby.' When I finally retired from full-time work, I looked around for something worth doing. Protecting Britain's broadleaved woodlands was the most urgent job I was qualified to tackle. I fought Tunbridge Wells Council on a woodland planning application, and won. Then another case came up, which I also fought and won.

"I'd realised, meanwhile, that no complaint from a Tunbridge Wells resident was ever investigated by the local authority ombudsman. I set about discovering why, and produced a private report. The ombudsman denied any administrative changes were ever subsequently made because of what I wrote. But the legal association, *Justice*, accepted my report — and complaints from Tunbridge Wells are now being investigated normally.

"As I pursued my 'old man's hobby' I had started getting a clear idea of how local government works and how its workings can be abused. But what could be done about it?

"Well, long ago I'd also learned the value of keeping careful and accurate files and of living with them. I've adopted the same technique in handling Tunbridge Wells Borough Council. All my dealings have been in writing. In the planning cases I've dealt with, I can document precisely every example of what the Department of the Environment delicately calls 'abuses of local democracy.' I'm also in close touch with the DoE. Some time ago, I sent them a copy of my dossier on Tunbridge Wells council. It runs to over 100 pages.

"As far as my Department of Civic Virtue and the wall newspaper is concerned, they're obvious gimmicks. But well worthwhile, I think. I learned long ago the value of establishing clear signs and pointers to what you're intending to do."

Owen's wall newspaper has concentrated mainly on attacking what he considers too much needless secrecy in conducting council business. Bulletin Number 2, for instance, encouraged electors to check how their councillors stood on important issues and highlighted the names of those who had voted to go ahead with a town hall extension scheme on a controversial site without even waiting to hear opinions from the public.

Number 3 reproduced the cover of Kent County Council's *Standing Orders and Financial Regulations*, "obtainable free by return first class post from County Hall, Maidstone." Below was a cover reproduction of Tunbridge Wells' *Standing Orders and Financial Regulations*, which are kept totally secret from the public.

After discontinuing his wall newspaper for a period Owen has returned to the attack with renewed vigour and an improved layout, in spite of council mutterings about clamping down on his "illegal advertising." One of his latest bulletins is a letter from a senior DoE official which shows clearly that he and the DoE are in cahoots. The department has in fact already passed his Tunbridge Wells dossier to the Widdicombe Committee, established to investigate "abuses of local democracy" of just the sort he has so painstakingly investigated.

"It's time things were stirred up," he said. "Apathy is democracy's main enemy. We have far too much of it here. People feel that trying to influence local government is useless. We'll see."

Harold Dennis-Jones

Wall newspaper in Tunbridge Wells—touch of Peking

هكذا من الأصل

Palms are just one type of tree to spend your Christmas by

Where to spend it

THERE IS the occasional side benefit to my peculiar corner of the pen-pushers trade. I have arrived on this particular beach and on this particular island via a series of misadventures—lost baggage and missed flights, midnight hunts for hotel rooms and confrontations with uniformed personnel who shrug you off and add "have a nice day."

So: alighting at St Martin in the Netherlands Antilles after a flight in which the aircraft agreed to leave the ground only on the second urging, the trip to nearby Anguilla seemed short enough (six minutes), cheap enough ($14) and soon enough for the risk to be taken.

It is over 80 deg F out here, and the few scudding clouds that are left will be gone by Christmas. Sadly I shall be gone by this time tomorrow.

Perhaps a more serious question is whether Christmas in the sun is really Christmas. Would I really be happy not having to go out into the snow every few hours to refill the log basket? Can you really wash down plum pudding with rum punch?

Well, I leave that debate to rage over the next few card-sending and present-wrapping days and offer a further list of opportunities for Christmas away. The following is only a selection. Almost all hotels having something on offer including trips that guarantee no festive intrusions at all. At the time of writing there were still vacancies, but these things book up fast.

Both P & O and Cunard have Christmas cruises. The Canberra leaves Southampton on December 19 and Christmas Day itself is at sea, between Dakar, Senegal and Freetown, Sierra Leone. New Year's Eve is also at sea, between Maderia and Vigo, Spain.

Berths for the 15-day trip range upwards from £896.

The Sea Princess will be here in the Caribbean. For the Christmas cruise British customers would depart from the UK by air on December 17. Christmas Day in this case will be in one of the prettiest ports in the world, St Thomas (do your shopping, however, the stop before, in St Maarten). Fares for the trip including flights and hotels in Miami, are from £1,340.

Cunard is planning a pre-Christmas shopping jaunt in New York connected to an Atlantic crossing which leaves Southampton on December 16. You get a day's shopping on December 21, and a night in the Waldorf Astoria before flying home the next day (£595 upwards plus an extra £300 if you fly back Concorde).

If you choose to stay on then the QE2 sails for a Christmas and New Year Caribbean cruise. Prices for the total package start at £1,815 but you can take a shorter option (missing out the Atlantic sailing) for £1,715.

The Cunard Princess sails from Miami on December 20 with prices from £1,695.

If you fancy a North American Christmas, once again many hotels have special packages, including the Colonnade in Boston (take in the Renoir exhibition at the Museum of Fine Arts), the Plaza in New York (which has a special December rate for small suites) and the Ritz-Carlton in Montreal. For details of all these, plus other luxury hotels including European and British, call London 583 3050.

Some airlines and charter operators have special fares. American Airplan is operating a Christmas charter from Gatwick on December 20, for example, which returns from JFK on January 2 with seats for £269. Jetsave has departures on December 18 and 19 from Gatwick to Toronto returning January 8 and 10 at £299 per person, plus a £10 airport tax.

Travel On (UK) in association with Speedbird Holidays have assembled a Christmas and New Year trip to Bermuda by Concorde. You can stay in either a "cottage colony" or a small hotel. Bermuda weather in late December is not hot, but it should be somewhat more pleasant than Britain. The cost is £1,999. Inquiries to Brighton (0273) 720621.

French hotels do not go overboard to quite such an extent as some of their British equivalents. They are much more enthusiastic about the new year, and tend to place a strong emphasis on gourmet-dining over the holiday—those that are open that is. The York-based company Winter-Inn has built up a formidable reputation in weekend and short holidays to the small hotels of France and Belgium. A number of these properties, which are all within easy driving distance of Channel ports, have special deals on offer for Christmas. Call (065) 382 425 for details.

Hotels in the UK will be celebrating traditionally and unconventionally, quietly and rowdily, depending on the inclinations of the management—so check carefully on the type of events planned before you book. The Manor House in Leamington Spa is offering a fancy-dress ball, old-time music hall and a treasure hunt as part of its £255 package: a Boxing Day river cruise and a parachute display are on the menu at the Compleat Angler at Marlow (£98 per person a day); and the George Hotel in Edinburgh is giving free (toy) money to guests for a programme which includes lots of bingo, poker and monopoly.

London looks like being a hot-bed of crackers and funny hats. The Savoy has been "nurturing" (its word, not mine) a blue pine in a Norfolk forest for its role as the focal point in the festive display. Three cheers for the Savoy being one of the few hotels I have seen which mention the religious basis of the celebrations apart from token nodding towards carol-singing. There is to be a carol service in the Queen's Chapel at the hotel on December 23 (11.15 am) and Holy Communion on Christmas Day.

The Savoy price for a short break is £218 per couple for the first night (dinner, bed and breakfast, champagne, flowers and chocolates) plus £120 a night bed and breakfast thereafter.

The Hyde Park Hotel is charging £255 per person for a three-night stay which starts with a candlelit reception on Christmas Eve.

Not far away, and with a somewhat different atmosphere, is the Hyatt Carlton Tower, which has a special Christmas rate for the two weeks of Christmas and the New Year of £80 a night per couple, including full breakfast. Its Christmas Day banquet costs £42 per head.

But should the call of the warm Caribbean sun be too much to resist, try calling Windotel (01-730 7144) to see what they can find for you. It represents mariners on Anguilla and several other Caribbean properties. Caribbean Connection of Chester (0244 41131) may also be able to help. It has some excellent hotels in Barbados and the Grenadines on its books. The sumptuous St James' Club in Antigua has a British accent so you can expect a touch of the old country in the festivities. Call the London Club for details (01-629 7688).

I have given telephone numbers rather than addresses simply because of the time factor. You may have to make several calls to find something suitable at this stage. There are often cancellations which lead to last-minute vacancies.

For me the call of the country logs and the village carol singers is too great. It is to be the bucolic and frosty pleasures of rural England once more. Even if, for the moment as the whistling frogs strike up their evening symphony and the waves gently seep the sandy beach, it all seems a long way away.

Arthur Sandles

The seduction of the Germans

GERMANY is Europe's most important market for medium-large cars and it shows in the Fiat Croma. This latest model in Fiat's continuing programme of clearing out the old and bringing in the new has the firm suspension, taut handling and high-speed mechanical refinement upon which German buyers insist.

Clearly, Fiat hopes the Croma will seduce a lot of German drivers out of their Audi 100s, Ford Scorpios, Mercedes-Benz 190s and BMW 5-series saloons. It is a front-wheel driven, five-seat hatchback, power-steered as standard and offered with four transversely-mounted petrol engines or two diesels.

The former are a single camshaft 83 bhp 1.6-litre; a 90 bhp, 2-litre twin overhead cam with a new induction system claimed to give spectacular economies in urban driving; a 120 bhp twin-cam with fuel injection or the same engine turbocharged to put out 155 bhp. The diesels are a massively built 2.5-litre 4-cylinder producing 75 bhp or, turbocharged, 100 bhp.

The Croma, the Lancia Thema and the Saab 900 (plus the coming big Alfa-Romeo) all use the same floor pan and the styling reflects their close relationship under the skin. It looks rather bland; but the shape is efficient aerodynamically and the only real wind noises generated by the Croma 2-litre injection I drove last week came from the door mirrors.

Fiat claims a 120 mph maximum for this model and I saw it indicated briefly, if illicitly on the autostrada. It felt tranquil at 80 mph. On the ill-maintained minor roads around Rome — can any beautiful city have worse outskirts, with litter piled everywhere and hoardings desecrating the countryside?—the suspension dealt with bottomless potholes most effectively.

The V-rated Goodyear NCT tyres felt harsh at low speeds on bumpy city streets but were rewardingly smooth running and quiet on the autostrada and had excellent steering response. The brakes are discs all round, the suspension fully independent by McPherson struts, and the gearshift surprisingly silky for a Fiat.

The Croma does not come to Britain before late spring of 1986, when the emphasis is likely to be on the 2-litre injection and turbo. Prices are going to be reasonable. They must be set lower than those of equivalent Lancia Themas, which now start at £11,000 for the 2-litre injection and £13,000 for the turbo. From just under £9,000 for a carburetted 2-litre would seem about right.

By that time, Renault's latest mid-size car is due to be on the market here. This is the 21, a four-door saloon of similar dimensions to the Croma. The layout is not all that much different for the 1.7-litre version of the 21, which has a transverse engine, but the 2-litre petrol and 2.1-litre diesel powered 21s will have fore-and-aft engines, like the Renault 25.

Renault made its big car, the 25, a hatchback, as did Ford with the Scorpio. But the 21 is a booted saloon as will be the Rover 3500 replacement, the XX, due out by mid-summer. There is some evidence to suggest that buyers of medium to large cars prefer boots to tailgates, probably because they have a hatchback in the family as a shopping car which can be pressed into service when anything bulky has to be shifted. The styling is unexciting but should be aerodynamically slippery, and the glass area is large.

The 21 replaces the 18, now decidely long in the tooth, and my guess is that prices will start at about £7,000 for a 1.7, rising to around £8,500 for the more elaborately equipped 2-litre fuel-injected and 2.1-litre turbo-diesel versions.

Fiat's new Croma hatchback—fast, refined and firmly suspended to meet German tastes—and right, the Renault, 21, unremarkably styled but big booted replacement for the outdated 18

Safety's champion

IF ANYTHING can lower the casualty rate on the roads and stop the continuous rise in motor insurance premiums, it is road safety education.

As motoring has changed from a minority social activity to the principal means of personal transport, driving skills have regrettably not kept pace. The driving test is very simple. It ensures only that the candidate has some knowledge of the Highway Code and the ability to manipulate the controls and steer a car safely at low speed.

There are advanced driving tests—the Institute of Advanced Motorists' admirable one is the best known — but the only inducement to take them is the chance of reducing your insurance costs plus a degree of personal satisfaction.

Car ownership has grown enormously. Half the people of driving age have licences. Each year, another 900,000 pass their test. Sixty per cent of all households (70 per cent in rural areas) have one or more cars.

A driving licence is regarded as something you have as of right. Enforcement of traffic law is patchy at best and costly advertising campaigns aimed at improving driving standards appear to have little long-term effect.

Even the most basic motoring regulations are unknown to many drivers—ask anyone what are the speed limits for various kinds of roads if you think I am exaggerating. As perpetual lane-hogging and occasional multiple shunts demonstrate, motorway discipline leaves a lot to be desired. How many drivers, I wonder, even know they should not sit in the middle lane of a motorway for mile after mile when there is no reason for their not being in the left-hand line?

Against this background of ignorance and indifference, the decision by Total Oil of Great Britain to extend its young road-users' safety campaign is good news. Total GB has used Barry Lee, ex-international rally driver and four times world Hot Rod race champion, to carry the road safety message to children. Initially in London but now further afield.

The young never have listened to their elders but Lee, still on the right side of 40, runs no risk of being dismissed as a fuddy-duddy. One of his star turns at a school safety demonstration is to go tyre-screaming around a handling course set up in a playground—and then show it is actually quicker to do it smoothly at sensible speeds.

After the demonstration comes a lecture at which audience participation is encouraged. The 14- to 18-year-olds at which the campaign is aimed go home with a new awareness of the need for care on the road, whether as a pedestrian, cyclist, motor-cyclist or car driver. They also get an eminently readable illustrated leaflet.

Obviously, it is all part of Total GB's campaign to make friends with potential customers, and there is nothing wrong with that. Lee must succeed in getting the safety message across where other equally worthy attempts fail because he is someone with whom the young future driver can identify. Nothing is more important when trying to put across a message to which not many of us, regardless of age, are willing to listen.

But could we not have more road safety-related activity by the oil companies? Some years ago, BP Canada ran skid control courses for commercial and private customers. I tried one and very good it was, too. Nothing like it appears to have been tried here. Might not money spent on that kind of activity achieve more in the long term than some of the feeble-minded lucky number promotions aimed at increasing gallonage?

Stuart Marshall

Mr War and Peace

TOLSTOY'S DIARIES. VOLUME 1: 18[illegible]-1894. VOLUME 2: 1895-1910.
Edited and translated by R. F. Christian
The Athlone Press. £45.00, 735 pages

THE DIARIES OF SOFIA TOLSTOY.
Translated by Cathy Porter.
Jonathan Cape. £30.00. 1043 pages

IN THE name of total candour, it has been something of a fashion in recent years for certain writers—not without a hint of what Paul Morand once called "une délectation morose dans la mal"—to reveal the moral defects of their next of kin. But in the case of the Tolstoys, no such exercise has ever been necessary: they did it all themselves. During their fifty-odd years together, each of them kept an immensely detailed diary, to which they frequently vied with each other in mutual recrimination and self-laceration, constantly picking at the scabs of the married state, surveying the slowly healing wounds in alternating moods of repugnance of exaltation, and starting all over again.

Taken together, these English versions of their diaries, amounting to nearly 2,000 pages edited and abridged from the even more voluminous Russian originals, often evoke a remorseless black comedy, a monument to marital misunderstanding.

It must also be said that each is a monumental work of careful scholarship. As the leading expert in the field, Professor R. F. Christian, of St Andrew's University, has already produced a two-volume set of Tolstoy's letters, to which the diaries now form an invaluable companion piece. On the whole, it is the diaries which throw most light on the enormous complexity of Tolstoy's character, in which the sensual and ascetic sides of his nature were constantly pitted against each other. No doubt, as a young man setting off to see military action in the Caucasus, the Crimea and later in the Balkans, there was little to distinguish him outwardly from dozens of other young men of his class and time.

Tolstoy devoted much energy to drinking, gambling and womanising, and his diaries of the period are full of rueful comments on these activities (he is "lazy, weak and cowardly" and "tormented by sensuality") interspersed with elaborate schemes for self-improvement worthy of Samuel Smiles, but there is nothing here to foreshadow the great novelist. There are, however, one or two fascinating glimpses of the Tolstoy who was to emerge many years later, after the major novels were written, as the sage and prophet of Yasnaya Polyana. As early as March 1855, he records being struck by

> a stupendous idea . . . the founding of a new religion appropriate to the stage of development of mankind—the religion of Christ, but purged of beliefs and mysticism, a practical religion, not promising future bliss but giving bliss on earth.

Then in 1862, came his marriage to Sofia Behrs, and despite the misgivings of his much younger bride, it seems at first to have been a happy union, and one which heralded the most productive phase of Tolstoy's career as a novelist. From 1863 to 1869 he was immersed in writing *War and Peace*, and the flow of creative ideas seemed endless. By the early 1880s, however, his thoughts had turned to other things, to a renunciation of material possessions (he first mentioned the idea of giving up his estates in October 1881), and to an erratic but sustained search for God.

In 1891 he publicly renounced the copyright in all his works published from the previous decade onwards. He also came increasingly under the influence of a fanatical Tolstoyan, the ex-guardsman V. G. Chertkov. Furthermore, from being a rake he had now become a relentless misogynist. ("The main thing about women is their lack of respect for thought . . ."; "Women are people with sexual organs over their hearts . . ."). And all these developments led to increasingly bitter conflicts with his wife, until eventually her hysterical outbursts and threats of suicide sent him fleeing from the house to die at the railway station at Astapovo.

But what of Sofia's side of the story? She has generally been seen as a querulous, possessive, unimaginative woman, but this collection of her diaries, spanning nearly 60 years, from 1862 to 1919, does much to modify the conventional view, although it does not change it entirely.

Tolstoy was 34 and Sofia 18 when they married on September 23 1862 (old style), but even before the marriage he had shown her his diary with its casual notation of previous sexual conquests (he had had an illegitimate son by a peasant girl at Yasnaya Polyana), and in Sofia, with her sheltered upbringing and romantic idealism, this produced a shock which reverberated at intervals throughout her lifetime. And so her diaries often read like an endless litany of grievances and lamentations. October 11 1862: "I am terribly, terribly sad. . . . My husband is ill and out of sorts and does not love me." October 12 1875: "I feel oppressed by the terms of our life which he has laid down. . . ." November 20 1890: "He is systematically destroying me by driving me out of his life . . . there is nothing in him but sensuality." September 4 1897: "His coldness is a torture to me. . . ."

But Sofia was also a woman of prodigious energy and nothing if not resilient. She was pregnant at regular intervals and bore 13 children, five of whom died young. In addition, she carried the main burden of managing the estate, of educating the children, of copying her husband's manuscripts, of dealing with his publishers, of helping Tolstoy set up canteens for the poor during the famine years, and of entertaining the ceaseless stream of family and friends who came to stay at Yasnaya Polyana or at their town house in Moscow.

It was from the late 1870s on, from the start of Tolstoy's "conversion," when he turned from creative writing to pouring out a torrent of pseudo-philosophical and pseudo-religious tracts and pamphlets (and also incurred excommunication from the Orthodox Church) that dark shadows began to gather.

Sofia's friendship with the composer Taneyev drove Tolstoy into paroxysms of jealousy, while her own hysterical reproaches drove him to despair and finally into the wilderness. One cannot help feeling, nevertheless, that she was more sinned against than sinning.

This translation of her diaries is based on a 1978 Soviet edition, and the explanatory prefaces which precede each year's entry inevitably stress the most sombre aspects of the Tsarist regime. On the other hand, the 134 pages of notes show a high level of scholarship, and the translator deserves all praise for the skill with which she has completed this huge task.

Erik de Mauny

Tolstoy and his wife: extensive selections from their voluminous diaries are now published

Millionaire's roles

Getty: The Richest Man in the World
by Robert Lenzner, Hutchinson £9.95, 283 pages

The House of Getty
by Russell Miller. Michael Joseph £12.95, 362 pages

CAN THERE be any excuse for the late J. Paul Getty? Not much of one, to judge by these two biographies of the crabbed individual who took mean pleasure in being known as the richest man in the world.

The late-life picture of this cynical, over-sexed, miserly midwestern peasant, who perennially changed his will to manipulate the demi-mondaine sycophants in his harem and who boasted about fleecing his mother, seems as nasty as anything in Balzac. And yet—at the risk of sounding unduly charitable—any billionaire who insists on washing his own underwear every night can't be all bad; Getty, says Mr Robert Lenzner, didn't trust the detergents in those new-fangled washing machines.

What is more the old man cocked a merry snook at the management theorists by breaking half the rules in the book as he put together an empire that ultimately fetched $10bn on its sale to Texaco in 1984, eight years after his death. So how smart a businessman was he?

It has to be said that Getty's smartest move was to be born into one of the great boom industries of the 20th century. It was his father George Franklin Getty who laid the foundations of the Getty fortune as a successful wildcatter in the rough and tumble of the Oklahoma oil fields. As well as furnishing him with an expensive education which took in a brief spell at Oxford and a readily grasped opportunity to become a playboy, this convenient parentage helped turn him into a millionaire in his 20s.

Yet J. Paul Getty did get his boots dirty in what was then an exceptionally tough business. And he recognised early the potential of geological surveys in prospecting for oil. He was, in the modern jargon, a contrarian who believed in a simple maxim: buy when everyone else is selling, and hold on until everyone else is buying. He applied the formula as much to his art collection, where his concern extended to the cost per square inch of a picture, as the oil business.

Getty's great advantage, as an oil man, was that he understood finance and understood the stock market. He perceived in the 1930s that oil reserves could be bought more cheaply by snapping up quoted oil companies whose shares were depressed than by drilling holes in the ground. He then risked substantial sums on the dogged but ultimately successful pursuit of difficult takeover targets.

His judgment was nonetheless fallible. He tried to sell out in 1947—curious timing as Mr Lenzner rightly observes; and it was fortunate for Getty that his fellow oil man and associate Bill Skelly blocked the move in the courts.

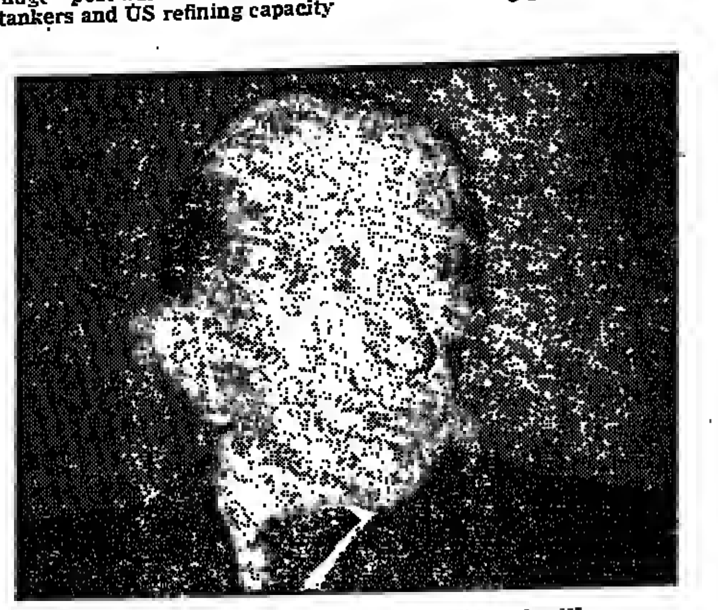
The oil billionaire was also politically naive. The fact that he was impressed by Hitler and investigated on suspicion of spying for the Nazis did little damage to his business: he spent the war profiting from US government contracts at his own Spartan Aircraft Company. But his failure to recognise that his huge post-war investment in tankers and US refining capacity could be jeopardised by import controls cost him dear.

A wartime US navy investigation concluded that Getty was "a financial genius at obtaining control but thereafter a genius at disorganisation." His managers in the Middle East were required to report results by mail because cable and telephone were too expensive. And he failed to establish a succession for one of the biggest companies in the world.

Yet for all his apparent faults he retained control of his company, unlike other independent oil men such as Dr Armand Hammer. And he was irredeemably zany. The vignette in these two books of Getty building a concrete bunker in—of all places—wartime Tulsa, Oklahoma for fear of the Luftwaffe is one of several absurdities that make this ferret-faced ogre who had 20-odd facelifts a genuine curiosity in the human zoo.

Mr Russell Miller knows how to spin a good yarn around him, though he is perhaps too ready to swallow the yarns put out by Getty and his family. Mr Lenzner has the gritty facts and a shrewd understanding of the unlovely nature of the beast. Balzac retains the metaphorical copyright.

John Plender



J. Paul Getty: frequent changes of will

Loner poet

STEVIE: A BIOGRAPHY OF STEVIE SMITH
by Jack Barbera and William McBrien.
Heineman, £15.00. 378 pages.

IN HER third book of poems, Mother, what is Man, published in 1942, Stevie Smith writes:

I longed for companionship rather,
But my companions I always wished farther.
And now in the desolate night
I think only of the people I should like to bite.

This first biography (an authorised one is to follow) soon disperses any ideas of the forlorn old maid, searching for love and happiness. Stevie Smith was a home-based loner, living in the same ugly house in Palmer's Green, first being looked after by her aunt and then, since she lived to be 95, doing the looking after herself. This "house of female habitation" (her words) reflected Stevie's childhood, since her father ran away to sea when she was young, only returning for occasional sentimental reunions—or financial benefits. Stevie disliked him intensely, making him a first candidate for gnashing of teeth.

Born Florence Margaret on September 20 1902, Stevie was always a fighter. She had a clever, conformist older sister, Molly, who preceded her along the school road, winning scholarships and eventually turning into a teacher herself. Stevie suffered not only from a rebellious nature but also from symptoms of tubercular peritonitis. From the age of five she spent long and miserable periods at the Yarrow convalescent home in Broadstairs. Possibly such an early and unhappy separation from hearth and home was the principal cause for her obsessive clinging to it in later life.

Nor was it just hearth and home. In her working life she was extraordinarily unadventurous, remaining secretary to Newnes and then Pearson from 1923 to 1953. Forays into the world outside consisted of visits to close friends where she demanded much attention to her physical comforts — for which she repaid, if sufficient, with loving wit and humour and, if insufficient, with ill-temper and poetic pillory—the young Jonathan Miller figures in a particularly nasty piece of biting. Otherwise, she only left Palmer's Green for parties where she performed (sometimes literally, by singing her poetry) in the most exalted literary circles, only making certain first of a lift back to the safety of the "lion aunt."

Doodle typical of those with which Stevie Smith adorned her writings

Facts of character and life do a disservice to Stevie Smith, making her appear selfish, narrow-minded and even silly. The poetry, happily, counteracts much of this. The American authors of this thoroughly researched biography use her poetry to elucidate events which, although sometimes too pedantically applied, does give a clue to Stevie's thinking and certainly enlivens the pages. Some of her drawings are also reproduced, appearing on the cold pages of another's work, dangerously like the doodles they were.

Sympathy for Stevie is at the highest when her reputation was at its lowest in the 1950s. In the 1960s she was suddenly rediscovered, given the Gold Medal for Poetry (personally presented by the Queen), invited to perform in halls, on radio and even on television, where she once explained:

> *People in rather odd circumstances are what most of my poems are about, mixed up with arguments, religious difficulties, ghosts, death, fairy stories, and a general feeling of guilt for not writing more. . . .*

In the end she wrote three novels of which the first, Novel on Yellow Paper, remains the most famous, plus the large volume of her collected poetry.

Jack Barbera and William McBrien seem to suggest that Stevie Smith's character and art can be explained in terms of her continued childishness. To some extent it is a view counterbalanced by her developing interest in religious beliefs—hardly a childish preoccupation. Yet, like a female Peter Pan, she did not want to grow up, did not want adult love, did not want an independent home and continued to wear little-girl gym-slips, fringe and red shoes until her death. Indeed her poems often read like a brilliantly clever child's eye view of the world, originality of thought matched by the transposition of the expected word for a mildly anarchistic substitute.

Ironically, her final illness in 1971 took the form of a brain tumour which made it impossible for her to form coherent sentences. She, who had always chosen the words to surprise and confuse, now found the words surprising and confusing her. It is like the telephones scrambling their eggs as she wrote in her last letter and with a last flash of Stevie Smith style humour.

Rachel Billington

Partners and cousins

SOMERVILLE AND ROSS: THE WORLD OF THE IRISH R.M.
by Gifford Lewis, Viking, £12.95, 251 pages.

EDITH SOMERVILLE and her cousin Martin Ross (the pen-name of Violet Martin of Ross, the Martin family seat in County Galway) were something more than the sum of two lady authors who published, in 1899, their eighth book, Some Experiences of an Irish R.M.

Familiar from early days with the phenomenon of the Irish-thinking but English-speaking mind, in their childhood neither recognised social or class barriers: they were as much at home among the native Irish as in their own Anglo-Irish world. Living and working on the edge of Europe, on the edge of critical attention, their apparently seamless collaboration united the best blessings of powerful literary talent, potent wit, and impoverished, aristocratic privilege undaunted by the imperatives of earning a living.

The books—16 between 1889 and 1915, the year of Martin Ross's death; and a further 16 between 1917 and 1949, of which only two do not name Martin Ross as co-author—deserve closer study than they have received.

Gifford Lewis's admirably skirmishing scrutiny of these two women in their time and place occasionally loses sight of their achievement in argument hell-bent to show us how and why "the suppressed sexuality of those lives has been mistaken for suppressed homosexuality." That said—for better, for worse—her own achievement in unravelling the tangled strands of Victorian Ireland looks considerable.

The thoughtful analysis shows that where Somerville supplied the power and mass of raw material, Martin Ross controlled the finish and form of work which, using direct recorded speech in degrees of class and social graduation unsurpassed in subtlety, juxtaposed the comic and the serious, humour and catastrophe, to unique effect. This is eavesdropping in the service of high art: a merciless, minute chronicle of "the tumultuous ostentation and snobbery" (still thriving in Ireland) of a society in its death throes.

The Irish R.M. stories, beloved by thousands, are now familiar to millions, courtesy of Channel 4. The Real Charlotte is a masterpiece: worthy to be judged by the standards of, say, George Eliot's Middlemarch.

This welcome new study is offered in a popular illustrated format. The text is liberally bespattered with 200 drawings and family photographs and peppered with Miss Lewis's stylishly funny turns of phrase. "During the 1920s all Anglo-Irish families had to decide whether they were to the left or the right of the hyphen"—is as apt a summary of the post-Treaty state of affairs—and as melancholy—as even Somerville and Ross could have devised.

Gay Firth

Conqueror's inventory

THE DOMESDAY BOOK
Edited by Thomas Hinde.
Hutchinson £14.95. 351 pages

DOMESDAY BOOK, we are told, is one of the three most famous books in the world, along with the Bible and Koran. (What about Shakespeare?) It is certainly unique: no other country has even a remotely comparable record of its early resources, land-holdings and landowners: towns, villages, manors and their occupants, free or unfree; occupations, livelihoods, cattle, sheep, pigs, mills; measurements and values for taxation, whether up or down, from the death of Edward the Confessor in 1066.

We owe the Survey to the Norman Conquest, of course; the mighty Conqueror wanted to know exactly what his new kingdom was worth and was good for 20 years after the Conquest. Next year, we are told will be Domesday Year—900 years on; this monument of a book is out in good time.

And it is of the greatest use. For the trouble with Domesday Book has always been that hardly anybody could read it: not only was it in Latin, but ferociously abbreviated Latin at that. All the same, it is the foundation of our knowledge of what English society was, what the England that William conquered was really like.

This book at last makes it accessible, and in the most agreeable way. Each county has a section to itself with a general introduction as to its condition and features. There follows a representative selection of places in detail to give one the idea; then we have a concise gazetteer of all the places in the county mentioned, with the relevant facts given. Appropriate, illustrations are well chosen.

The scheme could not be bettered — even though the more informed may have other ideas for selection. Cambridgeshire, which was half under water in those days, is represented by Grantchester, obviously enough, beautiful Burwell, and Guilden Morden—I should have preferred Ely, or Swaffham with its two churches. The Cornish section begins with a few places which really are in Devon; and in Devon the fine tower of Hartland church is a tower, not a spire, as anybody can see.

Domesday Book has been the subject of endless disputes by specialists—rather unnecessarily: we can all see now for ourselves what it is. Russian historians in the old civilised days, like Vinogradoff paid tribute to the richness of England's institutional history, her good fortune in preserving such documents through her comparatively undisturbed history.

But I have an unusual thought. How would things have been had England accepted William as King, as Edward the Confessor had wished?—and not resisted with half-Danish Harold? There would not have been such a catastrophe; and if there still had been a *Domesday Book*, it would have been very different.

I had always understood that during the First World War this unique book reposed for safety in Bodmin gaol. I am glad to have that corroborated, and like to think of the Public Records Office official taking it down by G.W.R.: "What have you got up there on the rack?" "Oh, only Domesday Book."

Next year the enthusiast will be able to buy a complete facsimile for £2,000.

A. L. Rowse

With Inca in Peru

AMONG RECENT archaeology books Huanuco Pampa by Craig Morris and Donald E. Thompson (Thames and Hudson, £18.00, 181 pages) is for those who want to learn about the Inca, based on a city in Peru where the archaeology may be compared with Spanish 16th century reports. It is good potato country, and there is grand architecture, high in the Andes; I long to go. The book is marred by jargon. Activities and situations abound, let alone "market style exchange."

Charles Thomas's **Exploration of a Drowned Landscape** (Batsford, £19.95, 320 pages) is an enthusiastic group of essays on the Isles of Scilly, ancient and modern. Certain to appeal to Cornishmen and Scillonians, it ranges from megaliths via Sennen Cove to Tennyson.

The Port of Roman London, edited by Gustav Milne (Batsford, £17.50, paperback £9.95, 160 pages) is the up-to-date story of the port that lived from the 1st to the 20th centries. For devotees of ships, bridges, wharves, London and Romans, it is crammed with information and shows how well archaeology uses the sciences to make a whole picture. The port may have just died, but its Roman forebear is alive and well.

The Celts of the West by Venceslas Kruta and Werner Forman (Orbis, £12.95, 128 pages) are those of Britain and Atlantic France. Superb photographs are paired with a lucid text in a first-rate introduction to an important, non-Roman, part of our past.

Gerald Cadogan

THE TITLE of John Mortimer's novel, in last week's My Book of the Year, should have read Paradise Postponed, and David Gilmour's The Transformation of Spain is published by Quartet.

Among fierce Pathans

THE FRONTIER SCOUTS:
By Charles Chenevix Trench.
Jonathan Cape, £15. 298 pages.

AS RAJ-FEVER abates, a history of Pathan tribesmen in the North-West Frontier dividing India from Afghanistan would seem destined to be read only by the avid historian or the nostalgic ex-India hand.

The Frontier Scouts disproves the theory—it has all the excitement and adventure of a Boy's Own Paper story. Charles Chenevix Trench's years in the Indian Army provide the vantage point for a good, old-fashioned tale of combat and camaraderie, honour and intrigue.

Even when faced with the bitterly hostile climate and conditions of the North-West Frontier, the British in India dressed for dinner, starched shirts and collars and black bow-ties—"the worse the conditions, the more important it seemed to preserve standards."

At the same time they had to find a way to rule amongst the fiercely independent Pathan tribesmen who were a law unto themselves. The solution: to co-opt them into a private army, known as the Frontier Corps, or the Scouts.

The book is a history of the Scouts, successes and failures, which chronicles with humour and understanding how two completely different cultures tried alternately to understand and outwit each other.

In the early years, at the turn of the century, the relationship between tribesmen and officers in the Scouts was a completely new one, with limits yet to be tested and standards agreed. But as the Scouts came of age, they evolved into a legend and "it was rather like joining a very small, very exclusive club."

Amongst the officers, "if a man was too idle, or too earnest, cantankerous, a bore, physically soft, could not hold his drink, or had the wrong approach to Pathans, he was out." The tribesmen "were certainly not drawn to Scouts by loyalty to a Faranghi (foreign) government, or to British officers whom they had never met . . . . the greatest incentive was *izzat*, honour . . ."

Understanding the importance of izzat, and of blood-feuds, was crucial to working alongside the Pathans. In one instance, when a political agent who seemed to have the confidence of his Scouts was found dead on blood-soaked sheets, the assassin declared the dead man had been sleeping with his feet towards Mecca.

The Scouts agreed justice had to be administered, but the choice of executioner was coupled with the task of avoiding setting off a blood-feud. The assassin's brother volunteered to be executioner, for the honour of his family, and the assassin himself agreed to meet death at his brother's hand.

In purely physical terms, the life of the Scouts was rigorous in the extreme. Alongside physical powers of endurance, the Scouts had to have the ability to live by their wits, and learn to trust no-one.

A pamphlet produced in 1924 urged:

> Do not let a man approach you in enemy's country scratching his stomach, he is looking for his knife. Hit him on the elbow with a stick and he will drop it . . . Avoid shaking hands with strange Pathans. They will seize with their left hand and stab with their right on occasions.

Even recreation facilities had their dangers. On one nine-hole golf course, forward-fellows preceded the players "not, as elsewhere in India, to mark the ball, but to ensure that the bunkers harboured no unfriendly persons."

Mr Trench's own knowledge of Pushtu and love of the Frontier are apparent in this affectionate and humorous account which is rich in colourful language, often borrowing from the tribesmen. "The word 'barampta,' like 'ghast,' is richly suggestive, almost onomatopoeic. It suggests a pounce, which indeed it is, in order to grab known hostiles . . ."

Whether on 30-mile "gashts" in rugged country or peace-keeping between tribes, the men in the Scouts particularly needed both individual courage and mutual understanding. But the close relationships that often developed between the British and the Pathan officers had their limits, ultimately.

Mr Trench tells of a feast he held to entertain a Pathan officer who came from an area which had never been penetrated by the British. "I remarked that his country must be very beautiful and I would like to come and see it. He replied, 'If you did, I would shoot you.' I gathered it was a matter of principle and not personal . . ."

The text is enhanced by a fascinating collection of photographs, serving to flesh out a reality for the reader which in many instances seems closer to fiction.

Dina Thomson

CRIME

A BLURRED REALITY
by Roy Lewis. Collins £7.50, 182 pages.

THE DOROTHY PARKER MURDER CASE
by George Baxt. Collins, £7.95, 284 pages

IN Roy Lewis's fifth Eric Ward novel, *A Blurred Reality*, his solicitor protagonist explores the seamy side of Newcastle, with a few brief hours of relief at his rich wife's country estate. But evil intrudes there as well. Ward finds himself at the point where several areas of crime—drugs, a kidnapping, unfair business practice—all converge. As usual, he pursues a course of honesty and decency, guided by his special acumen. The characters are neatly drawn.

No rest for the dead, especially if they are famous and witty. By using Dorothy Parker and her Algonquin Round Table friends as his characters, George Baxt gets a lot of wisecracks free. To me *The Dorothy Parker Murder Case* seems a cheap trick; and I have to confess that this is the first work involving the fascinating Dottie that I had to abandon before the end.

William Weaver

Pantomime

The good, the bad and the ugly

THE GOOD news this Christmas is that the London Palladium is presenting its first pantomime for five years, a £1m version of *Cinderella*. The bad news is that Des O'Connor is starring in it. Everyone enjoys insulting Des O'Connor, even Des O'Connor. The sport was started by the late Eric Morecambe. I doubt very much if he could have raised much laughter by insulting, say, the Krankies, or the Roly Polys.

Those two acts, along with Little and Large, are turns for the worse in my book, so I would find it difficult to make a family booking, if I lived on Humberside, for the Krankies in *Cinderella* at the New, Hull. The Roly Polys (a group of fat ladies who dance very badly and giggle a lot) are in *Babes in the Wood* at the Palace, Manchester. But so is Les Dawson, so I could be persuaded to go. What is more, the lugubrious Dawson, who should have a field day with the plump hoofers, is supported by Ruth Madoc and John Nettles, deservedly popular TV stars, as well as Miranda Coe (Seb's sister) as a flying fairy.

Athletes are everywhere this year. Geoff Capes is in the Civic, Halifax, *Cinderella*, Duncan Goodhew in *Dick Whittington* at His Majesty's, Aberdeen (alongside Russell Hunter), TV treasure-trailer Anneka Rice in *Aladdin* at the Arts, Cambridge, and Suzanne Dando in two pantos, though not simultaneously.

The first is at the Hexagon, Reading, *Jack and the Beanstalk*. The second, *Dick Whittington*, is at the Grand, Leeds, at the end of January after Opera North's Christmas season. Stu Francis tops both bills and, just to further complicate the story, the *Dick* production will be seen at the Poole Arts Centre over the holiday period.

All of these shows are produced by a new young management, based in Leeds, the administrator Nick Thomas (once a puppet act champion of *New Faces*) and the writer/director Ann Conway. Both in their mid-20s, they believe, unfashionably perhaps, that there is a healthy future for summer shows and red-nosed provincial pantomime. They also promote young comics within the light entertainment mainstream, so that a new face like Andrew O'Connor has his panto chance opposite an experienced dame, Tony Scott, in *Babes in the Wood* at the Charter, Preston; while another, Brian Conley, heads the same show at the Watersmeet, Rickmansworth.

Capital attractions also include the relentlessly animated Bonnie Langford in *Peter Pan* at the Aldwych (not the recent RSC version although Joss Ackland is having another stab at Captain Hook); *The Lion, the Witch and the Wardrobe* by C. S. Lewis, once again at the Westminster; and Louise Page's new version of *Beauty and the Beast* at the Old Vic, the third offering from the Women's Playhouse Trust. I would also add Donald Sinden in *The Scarlet Pimpernel*, this summer's Chichester hit arriving next week at Her Majesty's.

The biggest London show after the Palladium is *Aladdin* at the Wimbledon Theatre, £250,000 splashed on a waterfall and an allegedly spectacular scenic cave. Wimbledon celebrates its 75th anniversary this year, and the old barn should be warmed up by Peter Davison, Sandra Dickinson, Edmund Hockeridge and Lena Zavaroni. George Sewell is Abanazer.

Another more offbeat, suburban prospect is *Dracula* (or "Out for the Count") at the Lyric, Hammersmith, in which Tim Flavin, the dynamic dance star of *On Your Toes* is supported by a fine zany, Sylvester McCoy, and a fine actress, Sylvestra Le Touzel. Other good bets on the London satellite are *Jack and the Beanstalk* with Matthew Kelly at the Shaw, *Judy* (about Judy Garland, for adults) at Greenwich, *Charivari* (acrobatics and stilts, for an alternative night out) at The Place and *The Mr Men Musical* (for toddlers) at the Vaudeville.

The three leading panto producers—Duncan Weldon for Triumph Apollo, Paul Elliott and Peter Elliott (no relation)—report brisk business at the box office, Weldon claiming that his shows at Bath (Terry Scott and June Whitfield in *Jack and the Beanstalk*) and Plymouth (Roy Hudd and the Great Soprendo in a strong line-up in *Aladdin*) are taking double for those venues last year. Weldon also has Cannon and Ball in *Babes in the Wood* at the the Bristol Hippodrome; Lionel Blair in *Dick Whittington* at Chichester; and last year's Chichester show, *Babes*, at the beautiful Richmond Theatre. (Spike Milligan's girlish infant, a brilliant performance, was asked by the Sheriff of Nottingham what she would say in a little torture—"Hello, little torture" was the irresistible reply.)

Weldon's newest show is Danny La Rue in *Mother Goose* at the Alex, Birmingham. Paul Elliott's big stars include Rolf Harris in *Cinderella* at the Pavilion, Bournemouth, Derek Griffiths in *Aladdin* at the Beck, Hayes, and—here's an odd collection—Paul Henry (Benny in *Crossroads*), Brian Cant, Jess Conrad and the ever delightful Irene Handle in *Cinderella* at Lewisham.

"Ban the Panto Fairies" screamed a gutter Press headline the other Sunday, giving two pages to the ignorant offensiveness of fat comic Bernard Manning, who claims that parents won't stand for camp stars in family shows. Oh yes they will. John Inman, one of the best dames in the business, is at the Davenport in Stockport this year and will spread nothing but joy among the natives.

A more serious threat this year was posed by the teachers' industrial action, especially in Scotland. The Glasgow Citizens, for instance, has cancelled all of its end of term matinées of *Hansel and Gretel* and the loss of that income will seriously affect New Year programming. But, generally, and certainly in the commercial sector, the effects have been minimal. Even in troubled Liverpool, the Empire strikes back with its highest advance booking for three years, local star Stan Boardman paired with Denise Nolan in *Snow White and the Seven Dwarfs* (the septet has asked for a rise this year and management has responded by providing platform heels in the small print of the short-term contracts). Down the road, the Liverpool Everyman offers *Wack and the Beanstalk*.

A wide selection of these shows will be reviewed on this page over the next few weeks. Happy hunting and Happy Christmas.

Michael Coveney

Matthew Kelly is dame for a laugh in Jack and the Beanstalk, opening at the Shaw Theatre, London on Monday to herald a festive season which also offers Des O'Connor at the Palladium, Les Dawson in Manchester and Danny La Rue in Birmingham

Ballet

Take a lead from the past

THE DEDICATION of the opening performance of the Royal Ballet's new *Giselle* staging to Dame Alicia Markova on the occasion of her 75th birthday this week was a happy tribute. Markova was one of the greatest Giselles of this century, her interpretation—first seen in the infancy of our national ballet in 1934—acknowledged as a supreme example of the ballerina's art. Markova is essentially Russian in training, her teachers including the grandest names of the classic dance. Her career was international from its beginnings with Diaghilev, with years spent as ballerina of the Ballet Russe de Monte Carlo and Ballet Theatre, albeit her presence in Britain in the 1930s with the Vic-Wells, Rambert, and Markova-Dolin companies, and her later work with Festival Ballet and the Royal Ballet, identify her vitally with the mainstream of our national dance. (But what other British dancer has had roles created for her by Fokine, Massine, Nijinska, Balanchine, as well as Ashton, Tudor, de Valois?)

With a phenomenal memory for style and step, Markova is a balletic treasure-house. It is this richness of her experience which seems to me typical of the assets wasted by our national ballet. It should be an accepted fact of British dance that great artists hand on their wealth of understanding about technique, and the implications of their roles, so that young aspirants may comprehend the vital aesthetic and technical life of the repertory.

They would thus learn of the traditions, of the subtleties as well as the practicalities, of performance, of pacing and shaping an interpretation, that their mentor had gained through long theatrical experience, and had garnered in their turn from instruction and coaching by their forebears. It is this chain of interpretation that brings continuity of wisdom, and richness of meaning, to every major role. Yet this has all too rarely seemed the Royal Ballet's way, and our national company—and its school—are the poorer thereby. Hence our present shortage of young ballerinas who can, with proper command, reveal the life of the classic repertory, instead of taking the stage like perpetual debutantes, conducting (as it was said of George Moore) their education in public.

They order these things differently in Russia. A vital substructure of Soviet ballet is the transmission of knowledge from one generation of artists to another through extended coaching in the niceties and the lore of the role. (It was a tradition of the Imperial Ballet, too.) Thus a young Kirov or Bolshoy ballerina, making a first appearance as Odette or Giselle or Aurora, is prepared by a ballerina celebrated in the part. The newcomer takes the stage, eventually, armoured with the decades of her instructress' experience, technical and emotional. So Ulanova coached the young Maximova for Giselle, handing on all her prodigious knowledge. So Makarova was taught both by Natalya Dudinskaya and Tatyana Vecheslova (concerned respectively with text and dramatics) for her first Giselle. And so she could speak of being sent to Marina Semyonova, most illustrious of Soviet ballerinas, for coaching in *Swan Lake*.

Soviet dancers speak with reverence and affection of their mentors, acknowledging at every moment throughout their careers the invaluable gift that has been bestowed on to them. Dame Alicia Markova can speak of working as a very young dancer on the *Swan Lake* adagio with Mathilde Kschessinskaya, the first Russian Odette in 1895, and successor to Legnani, the role's creator at the Maryinsky. She has worked with Fokine, Nijinska, Massine on their major ballets; with Lyubov Egorova to whom Diaghilev sent the young Markova to study the Bluebird duet since Egorova was acknowledged the role's notable interpreter at the Maryinsky. But will any of our aspirant ballerinas speak, in years to come, of learning with Markova about the roles she so illuminated? Will they, in their turn, be able to pass on the received wisdom not just of their own careers but also of so grand a preceptress? Not unless a change in Royal Ballet attitudes takes place, and the company views the classics, and its own repertory, notably its priceless endowment of Ashton works, as part of a chain of theatrical example and interpretative wisdom.

This year's delectable revival of *Ballet Imperial* told of the depths of parochialism and complacency to which the company could sink, when none of the artists who shone in the original Covent Garden staging — Moira Shearer, Beryl Grey, Michael Somes, John Field, Kenneth MacMillan — was, as I understand, invited to pass on what Balanchine had given them, and a hideous design was imposed that went counter to everything the ballet should mean. The Royal Ballet has a store of eminent former ballerinas and danseurs, creators of important works and exceptional incumbents of the classic repertory, whose wisdom, like Markova's, is effectively a wasted asset. I hear of no lengthy periods of coaching and consultation set aside to prepare young dancers for the greatest challenges of their art, through study with celebrated interpreters of their roles. (It is an ironic exception that we still honour the advice given by Tamara Karsavina about *Giselle* and *The Firebird*, and *La Fille mal gardée*.) Our national ballet can claim some parentage with the old Russian ballet through the canon of classics bequeathed by Nicholas Sergueyev. It would do well to consider that there are obligations owed to the e ballet — as to the native Ashton repertory — concerning text and style, which are implicit in this priceless inheritance and this irreplaceable link with the past.

Clement Crisp

Alicia Markova as Giselle

Saleroom

Why Arabs didn't buy in Dubai

IT HAS BEEN a great sadness for the fine art auctioneers that God or nature decided to locate substantial pools of the world's oil reserves in the Middle East. When the Arabs began to exploit their good fortune in the early 1970s and became outrageously rich they proved to be among the least suited peoples, by tradition and temperament, to spend their wealth on works of art. They preferred modern marvels like big cars and videos.

The only group with a collecting tradition were the Iranians, who had pushed up prices of carpets and rugs and other Islamic treasures, like Qajar paintings and lacquer works, to sensational levels until the revolution. In that country closed even this selling opportunity.

Oddly enough when Arabs did buy it was Western goods, like flamboyant Victorian silver (Mohammed Mahdi al Tajir has acquired many of the most expensive items in recent years), or 18th century French furniture (the famous, but short-lived, Ojjeh collection), or 19th century orientalist paintings of harem scenes, such as "An intercepted correspondence, Cairo," by John Frederick Lewis, which sold for £984,436 in New York in June.

However three years ago Mr Jack Franses of Sotheby's was taking a carpet sale in Geneva when three completely unknown Arabs popped in and bought all the top lots at generous prices. It convinced him that there was a market for Islamic treasures but that Sotheby's needed to go to the Middle East and exploit it rather than wait for Arabs to come to sales in the West.

Franses spent the past two years accumulating items which he felt would take the fancy of Middle Eastern buyers and Sotheby's eventually invested £500,000 in a project which came to fruition in Dubai this week. Late at night in the International Trade Centre Franses mounted the rostrum in an attempt to interest Arabs in Islamic works of art, coins, rugs and carpets, arms and armour, jewels and a few pictures.

No one can criticise Sotheby's for lack of effort. It produced 45,000 leaflets about the sale and 350 videos for the most likely buyers containing information about how to bid and what was on offer. A profit-sharing arrangement with the experienced World Trade Promotions solved the problem of conducting an auction in a far off land which had no knowledge of such a means of trading. Special terms were fixed with sellers, charging them a 15 per cent commission. An interesting innovation was an extra 1 per cent insurance premium which was returned if the lot was sold: the aim was to encourage sellers to agree to reasonable reserve prices in the hope of ensuring a successful sale.

But the sellers were not the problem—it was the buyers. There were many empty places in the auction room and as many European as local faces. The big disaster was in the key market of carpets and rugs. Hardly any of the 82 lots on offer and none of the most important items found buyers. This was particularly disappointing because Sotheby's had gathered some of the most expensive and rare carpets it has ever offered at auction. For example a large Kum Kapour silk and metal thread carpet carried an estimate of \$1.5m-\$2m. If it had sold it would easily have been an auction record for a carpet. But it was bought in. Not even a carpet from the Sultan's Palace in Constantinople aroused any interest, and lot after lot of some of the finest carpets ever offered at auction were remaindered, although there was some after-sale haggling.

The other area in which Sotheby's expected to do well, jewels, was also a disaster. There were some picture sales—"An Arab courtyard" by Girardet sold for \$44,000, but this was below forecast—and some of the bronzes found buyers. Only one sector did really well—coins, which were 100 per cent sold. A gold dinar of Yazid II (AD720-724) made a record price of \$23 100.

Sotheby's has undoubtedly learned from the experience. Obviously Arabs do not like to be rushed into buying. If there is a next time in Dubai the auction house will make sure that the works of art arrive well in advance and can be mulled over. There might be more fundamental problems—a reluctance among Arabs to compete openly for goods, and a definite wish to avoid competing with members of the same family. There is also a general desire in the Gulf for original treasures, especially made-up jewellery ordered in London or New York; carpets designed new, rather than historical masterpieces.

The Arab world would be happier coming to Europe, where auctions have an established tradition, rather than embracing sales on their home ground. If Sotheby's does return to the Gulf it will be offering collectibles—coins, stamps, and so on: it was notable that the cheaper items did much better than the import lots. But with a final total of little more than \$1m as against a top estimate of \$20m, Sotheby's this weekend is contemplating a marketing experiment which came badly unstuck.

Antony Thorncroft

Radio

All the rage of the age

THIS IS teenage-time on Radio 4. Its interesting series *You'll Never Be 16 Again* follows its somewhat alarming progress each Wednesday, and last weekend we had some extra teenage highlights. *Don't the Time Just Drag* on Sunday was not about the English model but the German, though by the time Richard and Lisa Hey's German had become Roy Kift's English (commendably free from four-letter words), it all came out pretty familiar, especially as the English actors performing it sounded only like English actors. Claudia (Oona Kirsh) wore a concealed microphone as she moved among her friends and family, but it caught nothing outrageous, apart from a modest orgasm. I suppose our police would not shoot a boy found stealing leather jackets from a store, but generally we were on well-trodden territory. Alec Reid directed.

Less familiar was the world of *All Night Long* on Saturday. Devon Fagan, of indeterminate age, spoke frankly about himself. "I have to be noticed, I like people to say 'I rate that guy'." So after work on Saturday there's a half-to-three-quarter-hour bath. He tries on all his clothes. Then off to the Camden Palace in his beige Land-Rover. He is a carpenter by trade ("Work's all right.")

At the Palace he is in "a different world," where you "stand around so everyone can see you," though "it's dancing that counts." Women go too, "just to dance, even if you don't talk." As a girl says, "It's boring, men are all into their image; there's no conversation." The barman: "The men drink to get drunk, the girls to look pretty." (Mr Fagan says he doesn't drink much, just a lot of orange juice.) No racial prejudice unless one race has a large majority. What does it all add up to? "Music is a groove and they will dig it." It sounds harmless, except that Mr Fagan admits to being always late for work. Peter Dukes assembled all this fascinating information, and John Theocharis directed the programme.

Radio 4's latest dive back into the early parts of the century is less successful than it has been. Raffles did all right, Lucia was charming, but Hugh Walpole's *Johnson and Chippet* on Sunday was pretty thin. They work at removing bores from people's lives, a theme that calls for Saki. I need not call them in, for I can remove them from mine with an electric switch.

Radio 3's Sunday play was *Cross Words* by James Douglas, an interesting three-hander where one part was read from a posthumous diary to colour the background of the irate correspondence between the other two characters, the diarist's children. The dull dentist Roy, never his father's favourite, is having an endless dispute with his literate but resentful sister Kathy over her father's treasure, about the details of the paternal will. It generates some tension, but the main enjoyment comes from the wittily observed usages of the three correspondents. Alan McClelland read nicely from the happily self-satisfied and mischievous diary, Gerard McSorley put comic pathos into Roy, Valerie Lilley made Kathy the essence of Joycean mini-culture, and the director (from BBC Northern Ireland) was Peter Kavanagh.

We have another scheme for filling short slots in Radio 4's *No Laughing Matter*, five programmes examining small, inexplicable inconveniences. The first was about the accident-prone. My theory is that the accident-prone are clumsy or careless, but there are people who take it seriously, even it seems, write PhD theses about it.

Does nostalgia fit the scheme? Here is *The Golden Age of Radio* by Denis Gifford (Batsford, £14.95, 319 pages). The golden age stretched from 1932 to 1967. The alphabetically-arranged entries include Flying-Officer Kyte and Nether Backwash and Old Hearty ("played by Fred Yule in the 1947 series *Old Hearty the Longshoreman*"), but none for BBC Symphony Orchestra or Promenades. Lots of pictures.

B. A. Young

Video

For the Christmas box

IN RECENT years, the indecent haste with which new movies slip into the video shops has been matched only by the indecent slowness with which old movies do the same. At last a video company is coming to the rescue. Nine classic titles from old Hollywood are about to be poured into your lap by Heron Home Entertainment. This Christmas, instead of whirring for the umpteenth time through *Beverly Hills Cop* or *Gremlins*, you may reach into history to sample *Citizen Kane* or *Top Hat*, *King Kong* or *The Hunchback of Notre Dame*.

Orson Welles's masterpiece still sits confidently atop the Parnassus of all-time movie greats: a swirling portrait of a period, a giant performance by Welles as Kane, the newspaper tycoon with an ego as big as the Ritz, and a sequence of baroque and haunting images which show that trick photography, special effects and ingenuities of design can be used as rewardingly for films about man as about Superman. No movie better deserves the multiple replay opportunities of video—or the chance of fingertip immortality in your cassette library.

Welles once claimed that *Citizen Kane* was a modern-dress Beauty and the Beast story: Kane being the Beast, the woman in his life an instalment-plan version of Beauty. *King Kong*, however, has a clear claim on the myth. Here is Hollywood's greatest Beast going ape for Hollywood's most scream-prone beauty. Here is Fay Wray of the glass-shattering larynx. And here are more vintage special effects as dinosaurs battle in a time-warp jungle, tiny humans ogle towering monsters, and towering monsters climb even more towering New York skyscrapers. Unlike the later *King Kong*—in full colour and wide screen—this one sits happily on the small screen.

Around the time that Kong was shaking off his chains and shinning up the Empire State Building, Fred Astaire was putting on his top hat and shinning up almost anything that did or did not move from walls and chairs to Ginger Rogers. *Swing Time*, *Top Hat* and *Shall We Dance* are the hatful of Astaire-Rogers musicals on offer from Heron and should cause itchy feet across the nation as Christmas approaches.

Also from Heron comes John Ford's stirring *Fort Apache*, wherein Captain John Wayne crosses cavalry swords with Colonel Henry Fonda while the battle-ready Injuns wait patiently for them to sort out their differences; Hitchcock's *Suspicion*, where all eyes are on that sinister glass of milk that Cary Grant carries upstairs to wife Joan Fontaine (no wonder all eyes are on it—Hitchcock cunningly put a lightbulb inside for dramatic emphasis); and *The Hunchback of Notre Dame* with Charles Laughton in roaring form as the crippled unfortunate with one eye on gypsy girl Maureen O'Hara (the other being clamped punishingly shut by the make-up man).

All this and the Marx Brothers in *Room Service* too. One had always thought that it was storks that brought happy additions to households: this year it is a Heron. Be prepared for the gala video drop as the bird flies over your roof.

Returning to the future, the month's most pounceable-upon video releases are *Carmen* (RCA/Columbia), *Starman* (RCA/Columbia) and *Insignificance* (Palace). The first is Francesco Rosi's rousing screen version of Bizet's opera, where burning Andalusian locations ring to the voices of Julia Migenes-Johnson and Placido Domingo. The second is John Carpenter's sci-fi comedy thriller, directed like an inspired cross between *ET* and *It Happened One Night* as pretty Midwest widow Karen Allen romances human-all-too-human alien Jeff Bridges. And Nicolas Roeg's *Insignificance*, based on Terry Johnson's stage play, likewise hurtles probability (but not credibility) out of the window as Albert Einstein trades wit and wisdom with Marilyn Monroe one hot, apocalyptic New York night.

Nigel Andrews

Solution to Chess No. 597

1 R-N3! BxR; 2 R-N7! BxR ch (KxP; 3 R-KR7 mate); 3 KxB, KxP; 4 R-KR8 mate. If 1...B other; 2 QxB, KxP; 3 Q-R8 mate. The point is that if 1 R-N6 (5, 4 t? B-K4! when 2 QxB is stalemate and otherwise White cannot mate in four.

Private View

Let it rain

THE GREAT sports — golf, tennis, cricket, baseball, the kicking and/or throwing of round and oval balls, the racing of men, women and horses—are "great" because of their variable. These are not merely the ups and downs, psychological and physical, of those who perform the game, whether professional or amateur. Just as important are such variables as climate, ground, and even crowd conditions.

The observation is prompted by John Barrett's endorsement on this page last week of the new National Tennis Centre in Melbourne, where the courts will be made of a material designed to be more predictable

than grass, and his dismissal of those who wanted to keep the Australian Open on grass at Kooyong.

There comes a time—I would suggest—when it is not simple-minded sports Ludditism to argue that not every contest has to be played in an hermetically sealed environment designed exclusively for the over-pampered player, the television camera director, and the expense account executive who prefers his watching with hot and cold running quiche and gin.

It is worth remembering that it is these people, in unholy alliance, who now would have us watch such non-events as gold fish racing from El Paso, and synchronised swimming, the point of which, as I understand it, is that they go under water long enough to break for a TV commercial.

Kooyong's problem is that it does not conform to prevailing commercial wisdom. I am sure it will be truly wonderful that lots of Victorians will be able to enjoy the facilities of the new National Tennis Centre—though Melbourne is not a city deficient in courts.

There is a danger in forgetting the sheer pleasure afforded millions of spectators from watching sports played in less than laboratory conditions.

It was the pitch which enabled Jim Laker to give full expression to his spinner's art and take 19 wickets in a test (and, less well remembered, that the same conditions extracted from Colin MacDonald two innings beyond his known capabilities). Tony Lema's immortal round in a gale at the 1964 Open will live long after the memory of any 58 shot at the Greater Podunk All Weather Golf Emporium has faded.

The real players, too, revel in the variables; especially the Americans, whose modern facilities are second to none. Lee Trevino did not hesitate this summer to condemn his cossetted compatriots for avoiding the climatic and course uncertainties of the British Open. Ask any baseball player of quality if he really prefers the Houston Astrodome to the imperfections and irregularities of Yankee Stadium;

Although, of course, they would never admit it, even the current crop of tennis superstars—surely the most spoiled and boorish of contemporary sports practitioners—perversely acknowledge the charms and challenges of the variables. Could the Greater Megapolitan Classic have elicited, as Kooyong did last week, the only quotable comment ever known to have passed the lips of the stonefaced Ivan Lendl that the centre court—as he delicately rephrased it for media consumption—had been subject to too much sex?

It cuts both ways. Even the splendid Bjorn Borg found he could not play as well on the runway at La Guardia airport, but his stature was hardly diminished as a result. Let it rain, snow, hail and blow; and let the expletive deleteds play on and in it. They are paid enough to do so anyway.

Jurek Martin

Bob Fisher on the America's Cup razzmatazz: John Kitching sings the Twickenham Blues

Skipper Harold Cudmore at the launching of Crusader

Ill winds already

THE Royal Marine's band struck up Rule Britannia, and the champagne a special cuvée at that, flowed freely as the Prince of Wales named the first of the two British 12-metre craft to be built to challenge for the America's Cup in 1987.

In the building shed of Cougar Marine at Hamble on the Solent it was a jolly day as the curtain fell from around the hull to reveal Crusader. There were smiles on almost every face.

But a few remained tight-lipped; even the relief of one boat almost complete was not enough to eradicate the strain. For Graham Walker, president of the British Challenge, it was more of the beginning of a second stage of concern.

As yet very little of the £4.5m budget has been forthcoming other than in guarantees and a great deal has been contributed by him personally so far. Even that may be one of his lesser worries.

With an estimated A$250m spent directly by the challengers and defenders of the America's Cup and that just one tenth of what it is expected will be spent in Perth Western Australia which is directly attributable to the Cup activity, there is an opportunity for the less scrupulous to become active.

Already there has been a case of a rival syndicate being offered the stolen plans of the keel of a yet-to-be-launched 12-metre for US$25,000 and the threat of sabotage to a construction project of Alan Bond's, whose Australia II upset the face of yachting history in Newport, Rhode Island two years ago by breaking the New York Yacht Club's stranglehold on the competition. Bond even considered a fire in a shipping container which his syndicate uses as a sail store as possible sabotage. If there are threats at this early stage—the Cup races begin on January 31 1987—what may develop?

The America's Cup has become, outside the Olympic Games, arguably the most high profile sporting event. The 1983 victory has captured the imagination of Australians and door-to-door salesmen are raising funds for Bond's defence campaign.

What has happened in Western Australia might be expected to be repeated here on a larger scale. The benefits to this country could be enormous in economic terms. There are 14 different challenges this time and in Western Europe this number could easily double.

Six of those challenges are from the US where the realisation of what has been lost has taken some time to sink in. They are nevertheless employing every weapon at their disposal although the New York Yacht Club displayed fine sportsmanship in helping to apprehend the culprits who offered them the plans of the British boat's keel.

What are the chances of Crusader bringing home the Holy Grail? There has never been a better mounted challenge. It has built on Peter de Savary's victory campaign last time and even on that of Lionheart in 1980 and because of this, has high credibility.

The design path of Ian Howlett in creating Crusader was a logical one based on what he had learned from his Lionheart and Victory 83 design and from the configuration of Australia II. According to skipper Harold Cudmore it is a boat which is perfectly adequate unless there is a design breakthrough.

At the same time the policy of the Royal Thames Yacht Club syndicate has been to devote a great deal of effort into scientific development and this time scale has allowed a different design consortium to progress a radical approach. The boat which has emerged from David Holam's design and the input of aerodynamicist Herbert Pearcey is quite different but it has been shown to be faster in quarter scale model tests than any known 12 metre. But testing tanks have thrown up "sports" in the past, and the only possible comparison must be at full size.

The testing will begin in Fremantle, in late April on the waters where the Cup will be raced. Cudmore is quietly excited about the figures from the test so far and says that the scientists are predicting performance more accurately than they have ever done but that he will only be certain when the practical tests at full scale are completed.

A peak of rugby

A WINTER'S afternoon on King's Parade, Cambridge, and people huddle outside a window at Ryder and Amies, outfitters. They have not come to choose a college tie or scarf, but to read the names—traditionally displayed in the window—of the 15 men chosen to play against Oxford in this Tuesday's dugby match.

In Oxford, similar scenes are to be witnessed nowadays outside Walters, the outfitters in the Turl.

For most of the onlookers it is sufficient pleasure to spot the names of fellow college first XV players and opponents who have been included in the Blues side. But for the chosen 15 this Tuesday will be a pinnacle, and probably the peak, of their rugby careers.

Between 30,000 and 40,000 people—the largest crowd outside an international—will make their way to Twickenham to see 30 young men, many fresh from school, battle for the Bowring Bowl in the 104th Varsity match.

The insurance company, C. T. Bowring, has sponsored the game since 1976, and this year each team will receive £10,000 for ground and pavilion improvements.

The attractions of the game in an era when rugby is suffering from much adverse publicity over the apparent increase in thuggery are perhaps stronger than ever. As one reads of referees walking off the pitch in first-class matches in protest at players' violence, one gives thanks for two teams prepared to play a wholehearted match within the spirit of the laws.

A debate over the Varsity match's status has been raging for years. Should it still be played at Twickenham? Does it merit the huge press interest? The strongest answer to critics of the game seems three-pronged: look at the size of the crowd, the size of the sponsorship and the live coverage on BBC TV.

Cambridge this year are seeking their 12th win in 14 years and their sixth in a row. But their coach, Tony Rodgers (an old blue) feels they have no more than a 50-50 chance.

There is no doubt that Oxford will give them a run for their money. I saw the Dark Blues beat Blackheath a few weeks ago—Oxford's first win against first-class opposition since they defeated Ebbw Vale three-and-a-half seasons ago. It was a dour affair, but I was much impressed by the Oxford tackling and determination.

Macdonald, the Oxford captain, is a fine forward, and there are useful backs in the shape of Vessey, Pearson and Roberts, a former Cambridge blue.

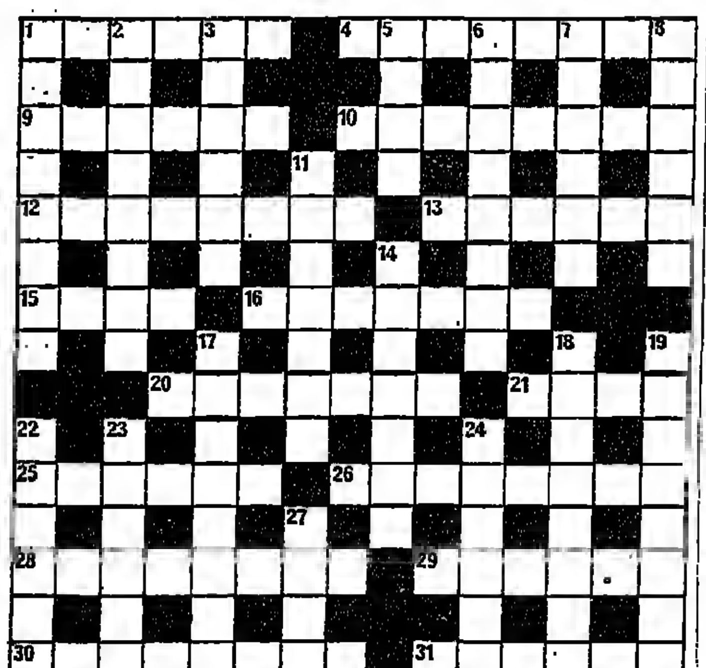
The Light Blues, now without Andrew, the England player, still have Simms and Clough in the centre, and the talented Scotland B full-back, Hastings. In the pack, look out for O'Leary and Withyman.

The change in college admissions procedures over the last 20 to 30 years has changed the face of Varsity rugby. A blue is no longer a passport to a good job, and being a good player is no longer a passport to the universities. With the more academic approach of most of the colleges, there has been a decline in the number of stories about Varsity match characters.

But there are a few worth recalling. There was the great Welsh forward at Cambridge in the early 1960s who was described by a fellow player as the only second-row he knew who put his teeth in for a match. And in the late 1950s an Irish international arrived at Cambridge seeking admission. It is alleged that he got a friend to do the written papers, but at the medical oral examination he was asked to identify an object. After a moment's thought he said it was a bone. "Yes, but what part of the body is it from?" he was asked. "Good God," he replied, "I'm not after a scholarship."

Neil McDonald, Oxford's captain . . . can his team break Cambridge's successful run?

FT CROSSWORD PUZZLE No 5,893



Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

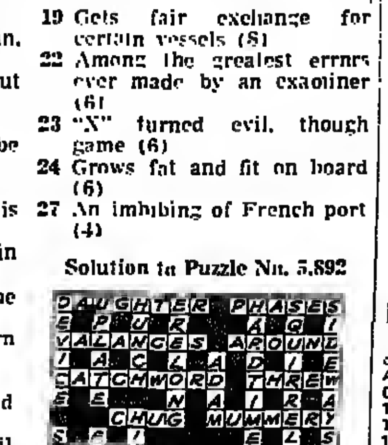
ACROSS

1 Firm requires good man, experienced (6)
4 Small change to do with cut ordered (8)
9 Work on model's face (6)
10 New director—he's yet to be paid (8)
12 Business reverse? (8)
13 To panic about a hundred is unusual (6)
15 Several are in operation in error (4)
16 Agree to read in front of the class (7)
20 Serious result of Eastern involvement (7)
21 Stern nurse (4)
25 Players' retirement called for (6)
26 A poet having to go by rail (8)
28 The mugs drank and sat sprawling about (8)
29 One in a factory is easily led (6)
30 The occupant offers payment to hold a party (8)
31 Fine point put to blockheads (6)

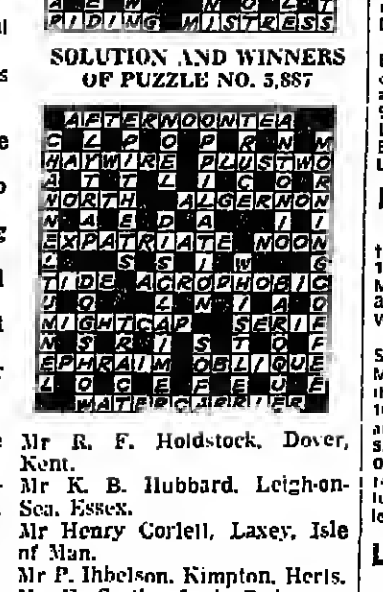
DOWN

1 Seeing cannabis taken inside hurt (8)
2 Hopeful partisan going to the dogs (8)
3 Property-owner lacking nothing, right? (6)
4 It's thin and undercooked (4)
6 Basic individual treatment (8)
7 Still requiring an answer (6)
8 Wander idly in town (8)
11 Recall at finding some soldiers tied up (7)
14 Ring firm about an alternative that's not much good (2, 1, 4)
17 Denied help after benefit's given (8)
18 Note detectives will be back in time to apply (8)
19 Gets fair exchange for certain vessels (8)
22 Among the greatest errors ever made by an examiner (6)
23 "X" turned evil, though game (6)
24 Grows fat and fit on board (6)
27 An imbibing of French port (4)

Solution to Puzzle No. 5,892



SOLUTION AND WINNERS OF PUZZLE NO. 5,887



Mr R. F. Holdstock, Dover, Kent.
Mr K. B. Hubbard, Leigh-on-Sea, Essex.
Mr Henry Corlett, Laxey, Isle of Man.
Mr P. Ibbelson, Kimpton, Herts.
Mr F. S. Sapsford, Pickering, North Yorkshire.

TELEVISION AND RADIO

SATURDAY

† Indicates programme in black and white

BBC 1

8.30 am The Family-Ness. 8.35 Children of Fire Mountain. 9.00 Saturday Superstore. 12.15 pm Grandstand including 1.15 News Summary; Racing from Cheltenham at 12.30, 1.05 and 1.40; Football Focus with Bob Wilson; Motor Racing from Brands Hatch. Motor Cycling from Shropshire; Rallying; Rugby League; Skiing from Val d'Isere; and at 4.40 Classified results. 5.05 News. 5.15 Regional Programmes. 5.20 The Krankies Elektronik Komik. 5.50 The Noel Edmonds Late Late Breakfast Show. 6.40 Bob's Full House. 7.10 Juliet Bravo. 8.00 Only Fools and Horses. 8.30 News and Sport. 8.45 Film: Murder One "The Last of Sheila," starring James Coburn, Dyan Cannon, James Mason and Raquel Welch. †10.40 Saturday Movie Classic: "Marty."

BBC 2

11.50 am-1.30pm Open University. †1.50 Sinatra Double Bill, "Step Lively," and at 3.15 "Young At Heart" (Sinatra, Doris Day and Gig Young). 5.05 "Iolanthe" (Beverley Mills sings the title role) 7.00 Deutsch Direkt. 7.25 News and Sport. 7.40 Jazz Evening. Peter Clayton and Russell Davies introduce an evening of jazz programmes to launch BBC-2's Jazz Week. †7.40-8.25 "Living Jazz" (The Bruce Turner Jump Band). †8.25 Jazz 625 Erroll Garner †9.05 "Jammin' the Blues" 9.15 "One Night With Blue Note" (concert recorded at the Town Hall, New York, to commemorate the relaunching of the celebrated Blue Note record label) 10.15 Billie Holiday: The Long Night of Lady Day. †12.00-1.30 am Film: "Syncopation," featuring Benny Goodman, Joe Venuti, Harry James and Gene Krupa.

LONDON

5.55 am TV-am Breakfast Programme. 9.25 TX. 11.00 Terrahawks. 11.30 Mr Smith 12.00 News. 12.05 pm Saint & Greavsie 12.30 Wrestling 1.20 Airwolf. 2.15 Boxing 3.15 Darts. 4.15 Benson. 4.45 Results Service. 5.00 News. 5.05 Blockbusters. 5.35 The A-Team. 6.30 Blind Date. 7.15 Copy Cats. 7.45 3-2-1. 8.45 News and Sport 9.00 The Professionals 10.00 Time For Murder. 11.00 Snooker. 12.30 am LWT News Headlines followed by Yoko Ono Lennon: Then and Now. 1.25 Aco Crawford, Private Eye. 1.50 Night Thoughts

Patricia Hodge in "Dust To Dust," ITV regions 9 pm, London 10 pm.

CHANNEL 4

12.30 pm Channel 4 Racing from Lingfield and Wetherby. 12.10 "It Came From Outer Space," starring Richard Carlson with Barbara Rush. 3.40 "Invasion," starring Edward Judd 5.05 Brookside Omnibus. 6.00 The Puppet Man 6.40 World of Animation. 7.00 News Summary followed by 7 Days 7.30 The Planets. 8.00 Beats of the Heart. 9.00 Upstairs, Downstairs. 10.00 Hill Street Blues 11.00 Who Dares Wins. 11.45 "Martin" (John Amplas stars).

S4C WALES

12.30 pm Weekend Racing from Lingfield and Wetherby. †2.16 Silents Please †2.45 Feature Film: "A Tree Grows In Brooklyn." 5.00 Gardeners' Calendar. 5.30 Upstairs, Downstairs. 6.30 Hwrlibwrll. 7.00 Newyddion. 7.15 Ar Y Ffordd. 7.45 Taro Bargen. 8.15 Per O Sgidiau. 9.20 Y Maes Chwarae. 10.10 Beats of the Heart. †11.10 Feature Film: "The October Man."

REGIONS

IBA Regions are as London except at the following times:—

ANGLIA

11.05 am Streethawk. 4.15 pm Small Wonder 9.00 Time For Murder. 10.00 The Sweeney. 12.30 am Candles in Advent.

BORDER

11.00 am Morning Matinee: "Black Orchid" 4.15 pm Small Wonder. 9.00 Time For Murder. 10.00 Movie Premiere: "Last Hours Before Morning," starring Ed Lauter and Rhonda Fleming 11.25 Snooker (Holmeister World Doubles).

CENTRAL

11.00 am Otherworld. 4.15 pm Small World. 9.00 Time for Murder. 10.00 Movie Premiere: "Last Hours Before Morning" 11.25 Snooker (Holmeister World Doubles).

9.25 am Cartoontime. 11.00 Puffin's

CHANNEL

Pla(i)ce. 11.10 Tarzan. 11.58 Channel Islands Weather Summary. 4.15 pm Small Wonder 5.05 Puffin's Pla(i)ce. 5.10 Blockbusters. 9.00 Time for Murder 10.00 Movie Premiere: "Last Hours Before Morning." 11.25 Snooker.

GRAMPIAN

11.00 am Otherworld. 4.15 pm Small Wonder. 9.00 Time for Murder. 10.00 Movie Premiere: "Last Hours Before Morning," starring Ed Lauter, Robert Alda and Victoria Principal. 11.25 Snooker (Holmeister World Doubles Championship). 12.30 am Reflections.

GRANADA

11.05 am Riptide. 4.15 pm Diff'rent Strokes. 9.00 Time for Murder. 10.00 Movie Premiere: "Last Hours Before Morning," starring Ed Lauter and Rhonda Fleming. 11.25 Snooker (Holmeister World Doubles). 12.30 am The Late Film: "The Diplomatic Corpse," starring Liam Redmond and Susan Shaw.

HTV

11.05 am Chips. 11.58 HTV News. 4.15 pm Happy Days. 9.00 Time for Murder. 10.00 Movie Premiere: Victoria Principal in "Last Hours Before Morning." 11.25 Snooker (Holmeister World Doubles).

SCOTTISH

11.00 am BPA Short. 11.15 The Glen Michael Cavalcade. 4.15 pm Small Wonder. 5.35 Knight Rider. 9.00 Time for Murder. 10.00 Movie Premiere: "Last Hours Before Morning," with Ed Lauter, Rhonda Fleming and Robert Alda (TV Movie). 11.25 Snooker (Holmeister World Doubles). 12.30 am Late Call.

TSW

9.25 am Fisheries News. 11.00 Gus Honeybun's Magic Birthdays. 11.03 Freeze Frame. 11.57 TSW News. 4.15 pm Small Wonder 5.05 Newsport. 5.10 Blockbusters. 9.00 Time for Murder. 10.00 Movie Premiere: "Last Hours Before Morning," starring Rhonda Fleming, Robert Alda and Victoria Principal (TV Movie). 11.25 Snooker. 12.30 am Postscript.

TVS

11.00 am The Fantastic Four. 11.25 Wanted Dead Or Alive. 11.57 TVS Weather. 4.15 pm Small Wonder. 9.00 Time for Murder. 10.00 Movie Premiere: "Last Hours Before Morning," starring Ed Lauter and Rhonda Fleming. 11.25 Snooker. 12.30 am Company.

TYNE TEES

11.00 am Morning Glory. 11.05 Chips. 9.00 pm Time for Murder. 10.00 Movie Premiere: "Last Hours Before Morning." 11.25 Snooker. 12.30 am Poet's Corner.

ULSTER

11.00 am The Baron. 11.58 Lunchtime News. 4.15 pm Small Wonder. 4.55 Sports Results. 5.03 Ulster News. 8.57 Ulster News. 9.00 Time for Murder. 10.00 Movie Premiere: "Last Hours Before Morning," starring Ed Lauter, Rhonda Fleming, Robert Alda and Victoria Principal. 11.25 Snooker (Holmeister World Doubles). 12.25 am News at Bedtime.

YORKSHIRE

11.05 am The Greatest American Hero. 4.15 pm Small Wonder. 9.00 Time for Murder. 10.00 Movie Premiere: "Last Hours Before Morning." (Rhonda Fleming, Robert Alda and Peter Donat star). 11.25 Snooker.

RADIO

(S) Stereo on VHF

BBC RADIO 2

8.05 am David Jacobs (S). 10.00 Sounds of the '60s (S). 11.00 Album Time (S). 1.00 pm The News Huddlines. 1.30 Sport on 2 including FA Cup Third Round Draw; FA Young Commentator of the Year; Racing from Cheltenham at 1.40; Rugby Union; Rugby League and at 5.00 Sports Report. 6.00 Folk on 2. 7.00 Beat the Record. 7.30 Gala Concert (S). 8.30 String Sound (S) 10.05 Martin Kelner (S). 12.05 am Night Owls (S). 1.00 Peter Dickson (S). 3.00-4.00 A Little Night Music (S).

BBC RADIO 3

7.00 am News. 7.05 Aubade (S). 8.00 News. 9.05 Record Review (S). 10.15 Stereo Release (S). 11.15 BBC Scottish Symphony Orchestra in Poland, part 1: Stravinsky, Beethoven (S). 12.10 pm This Sporting Life with Tom McNab. 12.15 Concert, part 2: Sibelius (S). 1.00 News. 1.05 Heinrich Schutz: "St Matthew Passion" (S). 2.00 Franz Schreker (S). 2.30 Ars Gallica (S). 4.30 Domenico Scarlatti (S). 5.00 Jazz Record Requests (S). 5.45 Critics' Forum. 6.35 Music for the Iron Voice (S). 7.20 BBC Welsh Symphony Orchestra, part 1: Roger Smalley (piano concerto) (S). 7.45 Alkan, Rossini and Others. 8.00 Concert, part 2: Tchaikovsky (Symphony No 1) (S). 8.50 Mozart: Divertimento in E flat (K563) (S). 9.30 Stefan Heym, the novelist, in conversation with Philip Brady. 10.00 Rameau (S). 10.25 Nowells and Milner (S). 11.00 Musica Antiqua Cologne (S). 11.57-12.00 News.

BBC RADIO 4

7.00 am News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 In Perspective. 7.50 Down To Earth. 7.55 Weather; Travel. 8.00 News. 8.10 Today's Papers. 8.15 Sport on 4 with Tony Lewis. 8.48 Yesterday in Parliament. 9.00 News. 9.05 Breakaway. 9.50 News Stand. 10.05 The Week in Westminster. 10.30 Pick of the Week (S). 11.30 From Our Own Correspondent. 12.00 News; Money Box. 12.27 pm The News Quiz (S). 12.55 Weather. 1.00 Any Questions? 1.55 Shipping Forecast. 2.00 News; The Afternoon Play (S). 3.00 News. International Assignment. 3.30 The Saturday Feature: Hosts To The World. 4.15 Don't Fuss. 4.45 Prestwich Pique. 5.00 The Spirit of Kitty Hawk (S). 5.25 Week Ending (S). 5.50 Shipping Forecast. 5.55 Weather; Travel. 6.00 News; Sports round-up. 6.25 Word-Painting Is Such A Pleasure. 6.55 Christopher Eldnrfield (memoirs of a Cotswold carpenter). 7.05 Stop The Week With Robert Robinson (S). 7.45 Baker's Dozen (S). 8.30 Saturday-Night Theatre (S). 8.58 Weather. 10.00 News. 10.15 Evening Service (S). 10.30 Soundings. 11.00 The Leopard. Sculptor Jonathan Kenworthy's work on a 12-foot statue for the City of London is traced by Anthony Smith. 11.30 In One Ear (S). 12.00-12.15 am News.

SUNDAY

† Indicates programme in black and white

BBC 1

8.55 am Play School. 9.15 Articles of Faith 9.30 This Is The Day. 10.00 Asian Magazine. 10.30 I Ogamal 10.55 Deutsch Direkt 11.20 Tele-Journal. 11.45 Blizzard's Wizard Woodwork. 12.10 pm See Hear! 12.35 Farming. 12.58 Weather News for Farmers. 1.00 This Week Next Week: The Rt Hon Douglas Hurd, MP, talks to David Dimbleby in his first major interview as Home Secretary. 1.55 Cartoon 2.00 EastEnders 3.00 Adventure Matinee: "55 Days At Peking," starring Charlton Heston, Ava Gardner and David Niven.

5.30 Oliver Twist by Charles Dickens. 6.00 Porridge. 6.30 News. 6.40 Songs of Praise. 7.15 Film: "Night Crossing," starring John Hurt and Beau Bridges. 9.00 News. 9.15 Star Quality 10.16 The Laurence Olivier Awards 1985. 11.45 Everyman: Do You Sincerely Want To Live Forever?

BBC 2

10.35-11.25 am Open University. †11.45 Champion the Wonder Horse. 12.10 pm Windmill. 1.10 States of Mind. 2.00 Rugby Special. 2.30 Nada. 3.40 Under Sail. 4.00 Rachmaninov Workshop.

4.40 Thinking Aloud. 5.20 Ski Sunday. 6.00 News Review. 6.30 The Money Programme. 7.15 Kingdom of the Ice Bear. 8.10 Comrades. 8.50 100 Great Sporting Moments (Torvill and Dean—1984). 9.00 Fawlty Towers. 9.30 Film Australian Cinema: "Double Deal" 10.55-12.55 am Artie Shaw (documentary portrait of the successful, and always controversial, bandleader and clarinettist).

LONDON

5.55 am TV-am Breakfast Programme. 9.25 Wake Up London. 9.35 Woody and Friends. 9.45 Yippy Yappy Yahooey. 10.00 Morning Worship. 11.00 Link. 11.30 The Square Mile. 12.00 Weekend World 1.00 pm Police 5. 1.15 The Smurfs. 1.30 Joanie Loves Chachi 2.00 LWT News Headlines followed by Sally with Sally Miles. 2.30 Snooker (Holmeister World Doubles). 4.00 Golden Pennies. 4.30 Bullseye. 5.00 Sunday Sunday 6.00 Albion Market. 6.30 News. 6.40 Highway. 7.15 Bruce Forsyth's Play Your Cards Right. 7.45 The James Bond Film: "From Russia With Love," starring Sean Connery, Daniela Bianchi and Robert Shaw. 9.55 News. 10.10 Tales of the Unexpected. 10.40 LWT News Headlines followed by Snooker. 12.15 am Fonda—the Man and His Movies. 1.10 Night Thoughts with Dr James Hanratty.

CHANNEL 4

1.05 pm Irish Angle presents Hands. 1.30 Cartoon Carnival. 2.00 Pob's Programme. †2.30 "Lady On A Train," starring Deanna Durbin. †4.15 "The Legend Of Rudolph Valentino". 5.15 News Summary followed by The Business Programme. 6.00 American Football. 7.15 Low. 8.15 The Jewel in the Crown. 9.15 The Writing on the Wall 10.25 "The Comedy Man," starring Kenneth More.

S4C WALES

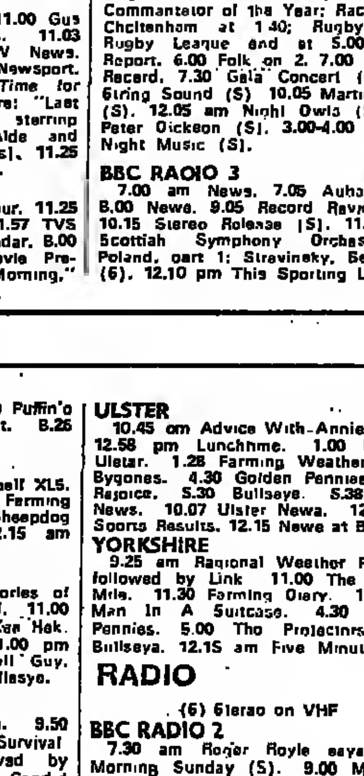
2.15 pm The Planets. 2.45 Citizen 2000. 3.45 Hannibal's Footsteps. 4.15 Mark Y Plant 4.45 Pa Le, Pa Fodd. 5.15 The Business Programme. 6.00 American Football. 7.15 Low. 8.15 The Jewel in the Crown. 9.15 Newyddion. 7.30 Trebor. 8.00 Hywel Gwynfryn 8.45 Oedfa. 9.05 The Jewel in the Crown. 10.05 Byd Cerdd. 10.35 Eyrie In. 10.55 Realm of Darkness. 11.55 7 Days.

REGIONS

IBA Regions as London except at the following times:—

ANGLIA

9.30 am Wheelies 1.00 pm The Beverly Hillbillies. 1.25 Weather Trends.



Judy Parfitt in "Bon Voyage," BBC 1, 9.15 pm.

1.30 Farming Diary. 5.00 Candid Camera. 5.30 Bullseye. 12.15 am The Goose Is Getting Fat.

BORDER

9.25 am Gardening Time. 9.55 Border Diary 1.00 pm Sheepdog Trials. 1.30 Farming Outlook. 5.00 Wild Nantage. 5.30 Bullseye.

CENTRAL

9.25 am Wattoo. Wattoo. 9.30 Captain Scarlet and the Mysterons. 1.00 pm Gardening Time. 1.30 Here and Now. 5.00 Whose Baby? 5.30 Bullseye.

CHANNEL

12.25 pm Today's Weather. 12.25 Starting Point. 12.30 Getting On. 1.00 Gardens For All. 1.30 Working For A Better Life. 4.30 Bullseye; 5.00 Puffin's Pla(i)ce. 5.03 Falcon Crest. 5.25 Channel News Headlines.

GRAMPIAN

9.25 am Cartoon. 9.30 Fireball XL5. 10.00 Sesame Street. 1.00 pm Farming Outlook. 1.30 Grampian Sheepdog Trials. 5.00 Scotsport. 12.15 am Reflections.

GRANADA

9.25 am The Wonderful Stories of Professor Kitzel. 9.35 Survival. 11.00 The Square Mile. 11.25 Aap Kaa Hak. 11.30 This Is Your Right. 1.00 pm Small Wonder. 1.30 The Fall Guy. 5.00 Candid Camera. 5.30 Bullseye.

HTV

9.25 am Fabulous Funnies. 9.50 Science International. 1.00 pm Survival 1.30 Farming Wales followed by Weather For Farmers. 5.00 Candid Camera. 5.30 Bullseye. 6.36 HTV News.

SCOTTISH

9.25 am Canadian Documentary. 9.30 The Square Mile. 10.00 Sesame Street. 11.30 Sally. 1.00 pm Grampian Sheepdog Trials. 1.30 Farming Outlook. 2.00 Not Strangers, But Pilgrims. 5.00 Scotsport. 12.15 am Late Call.

TSW

9.25 am Link followed by South-West Link. 11.25 Look and See. 11.30 The South-West Week. 1.00 Gardens For All. 1.30 Farming News. 5.00 Gus Honeybun's Magic Birthdays. 5.03 Falcon Crest. 12.15 am Postscript.

TVS

9.25 am Action Line. 9.40 Cartoon Compilation. 1.00 pm Agenda. 1.30 Farm. 2.00 Candid Camera. 4.30 Golden Pennies. 5.00 Sally. 5.30 Bullseye. 12.15 am Company.

TYNE TEES

9.25 am Morning Glory. 9.30 Link. 11.00 The Square Mile. 11.25 Sunday Lookaround. 11.30 Batman. 1.00 pm Golden Pennies. 5.00 Small Wonder. 5.30 Bullseye. 12.15 am Epilogue.

ULSTER

10.45 am Advice With Annie Hailes. 12.58 pm Lunchtime. 1.00 Farming Ulster. 1.28 Farming Weather. 1.30 Bygones. 4.30 Golden Pennies. 5.00 Rejoice. 5.30 Bullseye. 5.38 Ulster News. 10.07 Ulster News. 12.10 am Sports Results. 12.15 News at Bedtime.

YORKSHIRE

9.25 am Regional Weather Forecast followed by Link 11.00 The Square Mile. 11.30 Farming Diary. 1.00 pm Man In A Suitcase. 4.30 Golden Pennies. 5.00 The Protectors. 5.30 Bullseye. 12.15 am Five Minutes.

RADIO

(S) Stereo on VHF

BBC RADIO 2

7.30 am Roger Royle says Good Morning Sunday (S). 9.00 Melodies For You (S). 11.00 Desmond Carrington with your Radio 2 All-Time Greats (S). 1.00 pm Ken Bruce presents Two's Best (S). 2.00 Benny Green (S). 3.00 Sounds Sinatra (S). 4.00 A Proper Charlie (S). 4.30 Sing Something Simple (S). 5.00 Charlie Chester with your Sunday Soapbox. 7.00 Kenneth Alwyn presents some of his favourite music with his guest Gillian Humphreys. 7.30 A Box at the Opera: John Amis invites you to join him in the world of opera. 8.30 Sunday Half-Hour. 9.00 Your Hundred Best Tunes. 10.05 Songs From The Shows. 10.45 Clifford Benson at the piano. 11.00 Sounds of Jazz (stereo from midnight). 1.00 am Peter Dickson presents Nightride (S). 3.00-4.00 A Little Night Music (S).

BBC RADIO 3

7.55 am News. 7.05 Concertino Pastorale (S). 8.00 Schubert (S). 9.00 News. 9.05 Your Concert Choice (S). 10.30 Music Weekly. 11.15 Music Group of London (S). 12.15 pm Lichfield Festival 1985: Chamber Orchestra of Europe conducted by Sandor Vegh, part 1: Beethoven (Grosse Fuge Op 133), Mozart (Concerto in E flat K365, with George Malcolm and Andras Schiff) (S) 1.00 Words with Peter Nolmes. 1.05 Concert, part 2: Haydn (Symphony No. 102) (S). 1.40 Bach on Record. 2.00 "Tannhauser": a Bavarian Radio recording of the opening performance of this year's Bayreuth Festival. Giuseppe Sinopoli conducts, and Richard Versalle sings the title role (S) (3.00-3.05 and 4.20-4.25 Interval Readings) (S). 5.30 New Premises. 6.15 Beethoven piano recital by Allan Schiller (S). 6.50 Temptation. 7.30 In Homage to Alfred Nobel: Giulini conducts the World Philharmonic Orchestra in its inaugural concert direct from the Concert House, Stockholm: Bruckner's Symphony No. 8 (S) 9.00 Sonatas from France (S). 9.30 The Reith Lectures 1985. 10.00 Music of Eight Decades, part 1 (S). 10.45 From a Great Height. 11.05 Music of Eight Decades, part 2 (S). 11.57-12.00 News.

BBC RADIO 4

8.00 am News. 8.10 Sunday Papers. 8.15 Sunday. 8.50 Elizabeth Norwood talks for the Week's Good Cause about the 14th-century Holy Trinity Parish Church, Rothwell. 8.55 Weather; Travel. 9.00 News. 9.10 Sunday Papers. 9.15 Letter From America by Alistair Cooke. 9.30 Morning Service. 10.15 The Archers. 11.15 The Colour Supplement: 12.55 pm Weather. 1.00 pm The World This Weekend. 1.55 Shipping Forecast. 2.00 News; Gardeners' Question Time. 2.30 The Afternoon Play: "Vile Bodies," by Evelyn Waugh. 4.00 News; Talking About Antiques. 4.30 The Living World. 5.00 News; Travel; Down Your Way visits Birkenhead, Merseyside. 5.50 Shipping Forecast. 5.55 Weather. 6.00 News. 6.15 Feedback. 6.30 Bookshelf. 7.00 Travel; Johnson and Chopot (S). 7.30 All Or Nothing At All: a portrait of Frank Sinatra in his 70th birthday week. 8.30 A Word in Edgeways 9.00 News; The White Peacock, by D. H. Lawrence (S). 9.58 Weather. 10.00 News. 10.15 The Sunday Feature: Bringing Up Parents. 11.00 Seeking For God. 11.15 In Committee. 12.00-12.15 am News.